

AMERICA'S FAR EASTERN POLICY

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AMERICA'S FAR EASTERN POLICY

By

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FOREWORD

This study forms part of the documentation of an Inquiry organized by the Institute of Pacific Relations into the problems arising from the war in the Pacific.

It has been prepared by Mr. T. A. Bisson, Research Associate, International Secretariat, Institute of Pacific Relations; author of *Japan in China* (1938) and *Shadow Over Asia* (1941).

The statements of fact or of opinion appearing herein do not represent the view of the Institute of Pacific Relations or of the Pacific Council or of any of the National Councils. Such statements are made on the sole responsibility of the author.

In the general conduct of this Inquiry into the problems arising from the war in the Pacific the Institute has benefited by the counsel of the following Advisers:

Professor H. F. Angus

Dr. J. B. Condliffe

M. Etienne Dennery.

These Advisers have co-operated with the Chairman, the International Research Secretary and the Secretary-General in an effort to insure that the publications issued in connection with the Inquiry conform to a proper standard of sound and impartial scholarship. Each manuscript has been submitted to at least two of the Advisers and although they do not necessarily subscribe to the statements or views in this or any of the studies, they consider this study to be a useful contribution to the subject of the Inquiry.

The purpose of this Inquiry is to relate unofficial scholarship to the problems arising from the present situation in the Far East. Its purpose is to provide members of the Institute in all countries and the members of I.P.R. Conferences with an impartial and constructive analysis of the situation in the Far East with a view to indicating the major issues which must be considered in the future adjustment of international relations in that area. To this end, the analysis will include an account of the economic and political conditions which produced the situation existing in July 1937, with respect to China, to Japan and to the other foreign Powers concerned; an evaluation of

developments during the war period which appear to indicate important trends in the policies and programs of all the Powers in relation to the Far Eastern situation; and finally, an estimate of the principal political, economic and social conditions which may be expected in a post-war period, the possible forms of adjustment which might be applied under these conditions, and the effects of such adjustments upon the countries concerned.

The Inquiry does not propose to "document" a specific plan for dealing with the Far Eastern situation. Its aim is to focus available information on the present crisis in forms which will be useful to those who lack either the time or the expert knowledge to study the vast amount of material now appearing or already published in a number of languages.

The present study, "America's Far Eastern Policy," falls within the framework of the first of the four general groups of studies which it is proposed to make as follows:

I. The political and economic conditions which have contributed to the present course of the policies of Western Powers in the Pacific; their territorial and economic interests; the effects of their Far Eastern policies, of internal economic and political developments and of developments in their foreign policies vis-à-vis other parts of the world; the probable effects of the present conflict on their positions in the Far East; their changing attitudes and policies with respect to their future relations in that area.

II. The political and economic conditions which have contributed to the present course of Japanese foreign policy and possible important future developments; the extent to which Japan's policy toward China has been influenced by Japan's geographic conditions and material resources, by special features in the political and economic organization of Japan which directly or indirectly affect the formulation of her present foreign policy, by economic and political developments in China, by the external policies of other Powers affecting Japan; the principal political, economic and social factors which may be expected in a post-war Japan; possible and probable adjustments on the part of other nations which could aid in the solution of Japan's fundamental problems.

III. The political and economic conditions which have contributed to the present course of Chinese foreign policy and

possible important future developments; Chinese unification and reconstruction, 1931-37, and steps leading toward the policy of united national resistance to Japan; the present degree of political cohesion and economic strength; effects of resistance and current developments on the position of foreign interests in China and changes in China's relations with foreign Powers; the principal political, economic and social factors which may be expected in a post-war China; possible and probable adjustments on the part of other nations which could aid in the solution of China's fundamental problems.

IV. Possible methods for the adjustment of specific problems, in the light of information and suggestions presented in the three studies outlined above; analysis of previous attempts at bilateral or multilateral adjustments of political and economic relations in the Pacific and causes of their success or failure; types of administrative procedures and controls already tried out and their relative effectiveness; the major issues likely to require international adjustment in a post-war period and the most hopeful methods which might be devised to meet them; necessary adjustments by the Powers concerned; the basic requirements of a practical system of international organization which could promote the security and peaceful development of the countries of the Pacific area.

EDWARD C. CARTER
Secretary-General

*New York,
November 15, 1944*

AUTHOR'S PREFACE

As the war nears its concluding phases, the United States has already entered on a period in which it must define and execute Far Eastern policies that will have a significant influence for decades to come. That these policies must be concerted policies, worked out and applied in agreement with the other United Nations, does not greatly detract from the large measure of responsibility that will rest with this country in establishing and supporting the terms of peace in the Pacific. On every segment of the circle that is closing in on Japan, American armed forces, equipment and personnel are committed in great strength. This commitment, which will steadily increase until the final battles are won, means that the United States is also charged with participation in the framing of a settlement. It must be prepared to match the military victory with a program designed to bulwark peace by helping the Far Eastern peoples to move forward into a new era of security and freedom. The responsibility will not be discharged in the terms of a peace document. It is a continuing one, requiring that a complex set of political and economic relationships be conducted over a long period of years in accordance with sound and liberal policies.

Many of the old guideposts of American policy, noted in the early chapters of this book will no longer apply in the postwar Far East. Others will have to be revised to accord with the changes that take place in the conditions and status of Japan, China, and the countries of Southeast Asia. No blueprints sketched by the United States or other outside powers can be expected to provide answers to problems that must in the last analysis be solved by the Far Eastern peoples themselves. The success of American policy may perhaps be best gauged by the extent to which it enables the forward looking representatives of these peoples to assume control of their countries' destinies. Machinery for international security can supply the framework of a peace structure. But this structure will live and grow in the western Pacific only as the area of true political and economic democracy broadens within Japan, China, the Philippines, and other Far Eastern countries. Their respective national policies

will then contribute to the successful functioning of the peace machinery. The contrary trend, within either Eastern or Western countries, can easily lead to renewed international conflict. Some of the more detailed considerations affecting this basic peace requirement, especially as regards Japan and China, are suggested in the concluding chapter. In this field, more than any other, American policy will be working with the stuff out of which the future will be made.

This book includes an historical survey of America's Far Eastern policy, with special reference to the critical decade of the 'thirties. It also contains a brief treatment of outstanding diplomatic events since Pearl Harbor and a tentative discussion of some of the underlying Far Eastern problems that will face the United States when the war ends. The historical sections are based to a considerable extent on my earlier study entitled *American Policy in the Far East: 1931-1940*, which was revised and enlarged in 1941. With a few omissions and changes, Chapter XII stands essentially as it was written by Miriam S. Farley for the 1941 volume. Part of Chapter XV originally appeared as an article in the March 1944 issue of *Pacific Affairs*. My thanks are especially due to my colleagues in the Institute of Pacific Relations for help generously given me, though they are in no way responsible for the views I have expressed.

T. A. BISSON

August 1, 1944

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AMERICA'S FAR EASTERN POLICY

CHAPTER I

RETROSPECT AND PREVIEW

December 7, 1941 increasingly becomes a date that marks off two eras in the affairs of eastern Asia. On the far side of this historical watershed lies a decade of aggression and appeasement; on the near side, an era of war in which old landmarks are either disappearing or being rapidly altered. With the peace will come still more comprehensive changes. The United States was intimately concerned in the events which preceded the war. It is a major participant in the Pacific war, and it will exert a significant influence in the framing of the peace.

Many aspects of American Far Eastern policy in the decade which led up to Pearl Harbor are unpalatable. A statement of the record is thereby rendered more necessary rather than less, since consideration of the facts of that period should obviously enter into the far-reaching decisions on policy for the Pacific area that lie immediately ahead.

Throughout the 1931-41 decade, Japanese aggression constituted the dynamic factor in Far Eastern developments: the policies of other powers were a response and a reaction instead of an independent initiative. That aggression began first in Manchuria, passed on into China south of the Wall, and then laid the basis, both in Indo-China and Thailand, for the assault on Southeast Asia and the Southwest Pacific.

For the Western powers, including the United States, the decade symbolizes the policy of concession and compromise, of unwillingness to give adequate support to China's defensive struggle, of long continued arming of the Japanese aggressor through failure to impose substantial restrictions on trade—in short, the era of appeasement. At no time, however, did this policy go so far as to foreclose the basic issues at stake in China. Neither the United States nor Great Britain, the two Western powers most directly concerned, submitted *de jure* to Japanese pretensions to which they accommodated themselves *de facto*. Certain acts of policy, notably the Anglo-Japanese arrangement with respect to the Chinese Maritime Customs, the Craigie-

Arita formula, and the closing of the Burma Road, verged perilously close to such a formal submission. On the broad issue of recognizing and confirming Japan's conquests, nevertheless, no agreement was ever reached and in this respect the traditional line of American Far Eastern policy was maintained. The approach was essentially negative and did not lead, as in the past, to the emergence of a new set of conditions which would permit effective but peaceful American diplomatic intervention. It was not recognized in time that unsupported diplomatic protests which kept the record clear but necessarily went unheeded, by permitting the Japanese to establish a formidable base for further aggression, laid the groundwork for a Pacific war that would have to be fought under the most difficult circumstances. The issues at stake, of course, extended beyond the range of purely American policy. A program of collective restraint, which would have constituted the adequate and constructive approach to the problem, was denied application when the great powers failed to enforce the decisions reached at Geneva in 1933 and Brussels in 1937.

The line followed was due, in considerable part, to the influence of a strongly entrenched opposition within the country. But no consistent lead was offered that section of the American public which was aware of the need to take adequate and timely preventive measures if the march of aggression was to be halted. The setbacks in regard to Manchuria and Ethiopia, actually due to the inadequacy of the measures employed, were interpreted by many as the failure of a line of policy. Encouragement was thereby given to the delusion that security might be found in a program of inaction or of isolation, which found its own typical expression with respect to the Far East.

During the years before Pearl Harbor not a few Americans were prepared to defend the thesis that the United States had little of importance at stake in the Far East. To some of these, impressed by the trend of policy in the Philippines, it seemed that the country was already withdrawing from the scene. The concern manifested by official policy in such matters relating to China as the "open door" doctrine and its political corollaries was, they felt, quixotic or irrational, since it was not grounded on an economic interest substantial enough to give it real validity. Few of these critics ever noted the full extent of American trade with the whole of eastern Asia or reckoned in the total

the significant humanitarian enterprise which was at stake in China. Behind their approach to the Far East lay the assumption, for the most part unexpressed, that the security of the United States would be enhanced by drastic reduction or full severance of its political commitments in the region.

In retrospect, however, it seems clear that Japan's program of expansion by force would have been carried to its ultimate conclusion irrespective of the degree to which the United States had cut its political commitments in the areas being subjected to Japanese domination. Even more, it can hardly be doubted that Japan's progress toward its goal would have been still faster had such opposition as was offered by the United States not existed. The course of events in Europe, which opened the way to successful aggression by Japan on a continuously wider scale, would in any case have secured this result—a fact which strengthens the conclusion that if peace is to be maintained at all it must be maintained on a world scale. It was demonstrated, in other words, that the problem of establishing the security of the United States cannot be fruitfully approached from the angle of limiting its connections, political or otherwise, with any particular area of the globe. Pearl Harbor was the result, among other things, of a global breakdown of security, to which the United States could not be immune. The current determination of the American people to play their full part in establishing a firm world security organization is grounded on the realization that war came essentially because the collective action needed to prevent it on the part of Britain, France, the United States and the Soviet Union was not achieved.

This shift in American opinion, applying both to European and Far Eastern affairs, is one of the notable results of the war. It will also have its effect on the more specific problems of eastern Asia. Here, too, constructive and far-reaching developments have been taking place during the war or are in prospect when the war ends.¹ The permanent changes which a great war brings about are often not generally appreciated while it is still being fought. They fall into perspective only at a later period, when the significant events begin to take on true proportion.

¹ For succinct analysis of these changes and their potential effects on American policy, see Henry A. Wallace, *Our Job in the Pacific*, I. P. R. Pamphlet No. 12, American Council, Institute of Pacific Relations, N. Y., 1944.

The scale of the Pacific war, which is in itself only part of a world-wide conflict, ensures that it will produce changes of commensurate scope and importance.

Some of the major consequences of the Far Eastern struggle are already evident, and can be assessed, while the outlines of others are becoming visible. The speed and dimensions of Japan's early victories were the most dramatic feature of the preliminary phase of the Pacific war. During a brief six months, building on its previous conquests, Japan became the overlord of virtually the entire Far East. With growing assurance, however, it can now be said that Japan's fall is likely to prove as dramatic as its rise. The overthrow may not be as rapid but it becomes increasingly sure, and in that certainty lies the first great new aspect of the postwar Far East. Stripped of its conquests, old and new, Japan will be reduced overnight to the status of a third-rate power. In place of the aggressive and domineering Japan to which the outside world became accustomed in the thirties, there will be an economically and militarily weak country beset by the aftermath of a crushing defeat. What response the Japanese people will make to that defeat can now be but dimly foreseen. Can we look for the emergence of strong democratic forces within Japan that will remake its old autocratic and semi-feudal structure? Without such aid the United Nations may find it difficult to lay an axe to the roots of the old system. With it the best guarantee of future peace in the Pacific will exist.

The eclipse of Japan will, in any case, be a primary characteristic of the postwar Far East for a number of years. During this period, however, the nature of the transition effected within Japan will be one of the key aspects of Far Eastern developments.

A second great change will be the rise of China to a position of leadership in eastern Asia. The basic international prerequisites to this change have already been met during the war years. With the restoration of its territories and the achievement of juridical equality, China will emerge from the war as the largest and most important sovereign nation in the Far East. Since 1942 it has increasingly won its place as chief representative of the Eastern peoples in the councils of the nations. The effects of this new situation on American Far Eastern policy will be profound. For generations the principles which were finally

embodied in the Nine-Power Treaty have constituted the central aspect of the traditional policies of the United States in the Far East. But the Nine-Power Treaty itself was essentially a stop-gap until China became strong enough to assert its independence. The treaty now becomes unnecessary. With the attributes of full sovereignty, China will henceforth assume responsibility for its national security and for the ordering of its economic relations with foreign states on the terms normally accepted for such intercourse. In the postwar era, China will be most vitally concerned with the tasks of democratic unification and social-economic reconstruction. A free and prosperous citizenry becomes the major goal of Chinese effort. Success in this endeavor will provide the strength needed to justify and maintain the country's newly won independence and international authority. American policy will find a new objective in cooperating with China toward full achievement of the tasks of reconstruction.

China's emergence as an independent nation will have significant repercussions upon the colonial status of Southeast Asia, as well as the related problems in India and Korea. Thus far there has been slight concrete evidence of changes of attitude and policy in this field. Such changes will almost certainly occur after the war, if only because of the drastic experience through which the colonial peoples have passed. In American policy a speeding up of the independence program for the Philippines is now envisaged. A broader approach toward attainment of self-government for the other dependencies, in which the United States may be expected to participate, will undoubtedly be made through the international agencies that may be dealing with Far Eastern questions. Adequate programs of economic development in the various dependencies, on a basis which permits the widest degree of diversification and industrialization, will be required by the postwar economies of the Western nations as well as the interests of the native peoples themselves. Experience indicates that such programs can be effectively implemented only as the countries concerned attain a measurably independent status.

In all these fields it is clear that after the war American connections with the Far East will become not less but more ramified and important than they were before. The questions arising will be equally difficult and perplexing. A high level of states-

manship will be required in postwar dealings with Japan and China, as well as with the Philippines, if constructive results are to be obtained. The United States will be especially concerned in the disposition which is eventually made of the islands of the central Pacific. New dimensions will be added to American policy in both the north and south Pacific. In the north, war necessities have linked the Soviet Far East more closely to Alaska, Canada and the United States—a connection dramatized by the visit of Vice-President Wallace to eastern Siberia. After the war there will be need for a broadly based American-Soviet cooperation on all issues affecting the Pacific area. A parallel trend has developed in the south Pacific. The closer American ties formed with Australia, New Zealand and India will have to be adjusted to postwar conditions, while these countries will also participate more directly in general Far Eastern affairs.

These postwar relations cannot be permitted to develop, without grave danger, on the basis of a unilateral, power politics extension of American influence. Along with the other members of the United Nations, the United States will have to participate fully in the work of the international agencies established for the Pacific area. In so doing, it will be shouldering its proper share of the costs and burdens involved in a responsible and cooperative ordering of the future progress of one-half the world's population. It will also be taking the only realistic and practical means of assuring its own security and welfare.

CHAPTER II

TRADITIONAL ASPECTS OF AMERICAN POLICY

Behind the Pacific War lay a preparatory decade of strife and unsettlement in the Far East. In this region, no less than in Europe, collapse of the postwar stabilization had assumed steadily increasing momentum after the world depression of 1929-32. Japan's military intervention in Manchuria on September 18, 1931, in fact, was the first unmistakable signal of the general break-down in world security. As events progressed, the agreements reached at the Washington Conference—both in the political and naval spheres—were gradually undermined and then swept away. Japanese military forces occupied large sections of China and subjected them to political and economic controls working to Japan's exclusive advantage. All the basic Far Eastern issues, of traditional concern to the United States, were thus reopened.

For the greater part of the decade lying between September 18, 1931, and December 7, 1941, official American policy reacted to the critical developments in the Far East in its normally cautious and hesitant manner. Strongly affirmative action was postponed until the closing months of the decade. By that time the sweep of German armies across Europe had imparted a new character to the issues raised by Japanese aggression in Asia. The threat of joint German-Japanese action directed toward world conquest had superseded the initial problem of Japanese encroachment on China—seemingly less dangerous, because its outcome was unforeseen. In American policy, compromise with aggression in the Far East had the sanction of long precedent, partly because the American public had rarely been willing to support strong action in that area but also because the executive agents of government commonly felt that time was on the side of the United States. While aggressive moves were taking place, the basic aims of American policy were not surrendered; they were usually restated on paper and then held in abeyance pending a favorable opportunity to reassert them in practice.

The 1931-41 decade of crisis in the Far East invites comparison with two earlier periods: the threatened break-up of China in 1895-1905, and the World War upheaval of 1914-22. There is an underlying similarity in the broad pattern of events during these periods. They correspond to clearly marked phases of imperialist expansion and conflict, in which the driving forces behind the struggle for control of undeveloped areas received sharpest expression. They are linked by the common phenomenon of an aggressive assault on China's national integrity, either by one or more powers. Each time, moreover, the United States reacted in markedly similar ways.

In the first case, during the closing years of the nineteenth century, a series of diplomatic papers stated the principles of American Far Eastern policy in their characteristic, present-day form. Up to that time the United States, despite an early and continuous interest in the Far East, had been able to keep the problems of the western Pacific more or less at arm's length. Not until the break-up of China seemed imminent and the Philippine Islands were acquired did the full implications of the American connection with the Far East begin to emerge. Only then did the central issues assume the familiar form which they came to occupy in the American public mind.

The policy enunciated by John Hay at this period was a natural outgrowth of traditions and practices developed in the nineteenth century, as well as a response to a narrowing world which intensified the imperialist conflicts revolving about China. The United States had held an important stake in the early Canton trade—a commercial interest which dated from the beginning of its national history. It had been influential in the “opening” of both China and Japan, and it had steadily insisted on the right to a most-favored-nation position. For the American trader in China the watchword was equality of commercial opportunity, and the State Department supported him in this demand. The United States had not sought to obtain territorial holdings in China. At Shanghai and Tientsin, for example, it had not even taken advantage of the opportunity to establish American concessions. On the other hand the United States, like the European powers, had contracted for and enjoyed the special privileges accruing from the “unequal treaties” with China and Japan. American nationals not only shared the advantages of concession areas, but participated directly in the

governing body of the Shanghai International Settlement,—the most important bit of China's *terra irredenta*. These general characteristics of American policy in the Far East, though not formulated in precise terms, were supported by an accumulated record of diplomatic common law—itself a very substantial sanction.

At the end of the century, several developments of fundamental importance combined to produce a more clear-cut definition of America's role in the western Pacific. Japan's decisive victory over a decadent Manchu Dynasty in 1894-5 occurred at a moment when the European powers were racing to establish their respective claims to the last "free" areas in the world. It stimulated an immediate scramble for leaseholds and other appurtenances of "spheres of interest"—that is, eventual protectorates—in China. The growing possibility of a comprehensive dismemberment and partition of the country raised a threat to equality of commercial opportunity which had not previously been presented in comparable terms. It could be effectively countered by nothing short of a positive reaffirmation, along with active support, of the basic Far Eastern policy of the United States.

The pressure for a new American initiative created by conditions in the Far East was reinforced by changes within the United States. For a generation after the Civil War, the task of internal development had largely absorbed the attention of the American people. The disappearance of the frontier heralded the end of this period, and the Spanish-American War ushered in its successor. In an imperialist epoch, the United States had also come of age. Annexation of the Philippine Islands in 1898, coupled with the open door notes of 1899 and 1900, were not accidental phenomena. They inaugurated the contemporary era of American Far Eastern policy. Acquisition of the Philippines, even though it gave the United States an important territorial stake in the Far East for the first time, was auxiliary and incidental. Central emphasis was placed on a declaration: that the United States did not intend to be debarred from participating in the future economic development of eastern Asia. This emphasis has never been outgrown, nor substantially altered. It still holds the field today as the leading directive for American policy in the Far East.

Great Britain collaborated intimately with the United States

in formulating and supporting the open door initiatives taken during the 1899-1900 period, when British policy was directed toward winning allies to help check Russian encroachments on China. This fact has sometimes been presented in such a way as to suggest the conclusion that the United States was made the pawn of British diplomacy at the turn of the century.¹ But such a thesis implies that the United States itself was embarking on a new departure in policy, and that this departure was not consonant with American interests. Actually, the effort to assure equality of commercial opportunity in China for the United States and its nationals was characteristic of American policy throughout the nineteenth century. The open door notes merely formulated this principle of American policy in more explicit terms. New economic pressures from within the United States, moreover, were developing an even stronger urge at this period toward ensuring participation of American trading and business interests in the development of China. The United States, no less than Britain, had its reasons for working to prevent the threatened "break-up of China." On many occasions since 1899-1900 the two countries have followed a common policy in the Far East; at other times, there has been the sharpest antagonism. Co-operative action, when achieved, need not imply that either country is being made the pawn of the other.

American insistence on the open door principle is not peculiar to China. In the Far East, however, it bears the special characteristic of a concern for China's territorial and administrative integrity. The fulcrum of Far Eastern politics, on which the policies of all powers including the United States have turned, has been the weakness of China. Throughout the present century China's weakness has continued to be a standing invitation to aggression. An essential element of the open door policy was that sufficient restraint should be placed on aggression to enable China to develop cohesion and strength. The alternative was subjugation by one power or partition by several, in which case equality of commercial opportunity would disappear.

For more than four decades there has been a race between these two contradictory lines of development. China's weakness has proved difficult to overcome. The Manchu Dynasty could

¹ For example, A. Whitney Griswold, *The Far Eastern Policy of the United States*. Harcourt, Brace and Company, 1938, Chapter II.

not cope with the double task of internal modernization, and defense against foreign encroachments. Yuan Shih-kai also failed, and his regime was succeeded by ten years of disorganization and civil war bordering on chaos. Not until the mid-thirties did signs of real progress begin to appear. An ironic aspect of the full-scale Japanese assault on China in 1937-8 was that it occurred at a time when Chinese unity and strength stood at the highest point reached during the century. This factor alone saved China from complete subjugation.

During these four decades the open door doctrine was but imperfectly maintained. The partial effectiveness which it at times achieved was due perhaps as much to conflicting aims of the various powers as to support of the United States. In everyday practice it preserved for China a nominal independence, while subordinating the country to a semi-colonial status under which all powers could pursue varying degrees of economic and political penetration. China's economic development proceeded on a haphazard basis, mainly along lines determined by the foreign powers. The full-rounded exploitation of China's national resources, which required an independent economic program under Chinese national control, could not take place.

In one respect this partially effective application of the open door principle was extremely significant. The preservation of a nominal independence gave an opportunity for the forces of Chinese nationalism, germinating slowly in China's old and conservative culture, to assert themselves and establish internal stability and strength. To this extent the theoretical sovereignty left to China held within itself the possibility of being transformed into actual sovereignty. And this prospect, in turn, envisaged appearance of the main requisite for a more stable basis of peace in the Far East—that is, a strong and united China capable of protecting its independence by its own efforts. Under such conditions the open door doctrine, in its specifically Chinese application, would become an anachronism and cease to exist.

The methods by which the United States sought to maintain equality of commercial opportunity in China, as well as its important corollary of China's integrity, ran along opportunistic, trial-and-error channels. They had nowhere been explicitly formulated. Yet certain broad lines of tactical ap-

proach during such critical periods as those of 1895-1905, 1914-22, and 1931-41 had become well established.

Reservation of American rights was always carefully declared, either in diplomatic memoranda or notes of protest. Marked unwillingness to pass beyond this step then gave rise to a negative state of passivity and apparent inaction. Even measures "short of war," if they could be interpreted as at all provocative, were avoided. During this inactive period, efforts within the purely domestic competence of the United States might be made to weight the balance, as by strengthening the navy. Co-operative action with other powers might or might not be sought. If achieved, it was generally held within the same narrow limits, that is, no more active form of coercion than parallel diplomatic protests. The underlying tendency was to wait until a favorable shift in the balance of power could permit effective intervention to restore the *status quo ante*, or as near an approximation of it as possible, by diplomacy instead of force.

CHAPTER III

THE TURN OF THE CENTURY

Between 1895 and 1905 American Far Eastern policy was definitively formulated, both as to principle and tactics, and experienced a searching test. It could not achieve full modern expression until this period, when the possibility of China's disappearance as an independent national entity first became actual. Even a cursory survey of events at the turn of the century thus offers valuable indications for the analysis of contemporary American policy.

The cycle between the Sino-Japanese War and the Russo-Japanese War passed through several distinct phases. By the Treaty of Shimonoseki, signed on April 17, 1895, Japan secured Formosa and the Pescadores and recognition by China of Korea's autonomy, but the intervention of Russia, France and Germany forced retrocession of the Liaotung Peninsula. Up to this point the United States had remained on the sidelines. The enforced cession of the Dalny-Port Arthur leasehold to Russia, countered in turn by similar German, British and French moves, however, led to the issuance on September 6, 1899 of John Hay's circular note, requesting assurances from the various powers that equality of commercial opportunity affecting treaty ports, tariffs, harbor dues, and railroad charges would be maintained within their "spheres of interest" in China.¹

Effective application of this open door principle, which was basically incompatible with further development of the "sphere of interest" conception, required positive support of Chinese sovereignty. The logical extension of the principle was made by Secretary Hay in 1900, when the Boxer Rebellion had created new dangers to China's independence. At this time, in a circular note to American diplomatic representatives, he stated that "the policy of the United States is to seek a solution which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights

¹ *Foreign Relations of the United States, 1899*, Washington, D.C., 1901, pp. 129-30.

guaranteed to friendly powers by treaty and international law, and safeguard for the world the principle of equal and impartial trade with the Chinese Empire."² The Boxer Protocol, concluded by the powers in 1901, levied a crushing indemnity on China and permitted foreign troops to be stationed at certain towns and cities along railway lines in North China, but contained no territorial cessions. During the negotiations leading to signature of the Protocol, the United States exerted its influence against provisions which would unduly weaken the Chinese government.

Before this settlement was reached, the aggressive policy of Tsarist Russia in Manchuria had become the most immediate threat to China's territorial integrity. During the course of the Boxer Rebellion large numbers of Russian troops had entered Manchuria, and within a short time Russian officers had largely superseded the local Chinese authorities. This Russian military penetration of Manchuria, in conjunction with the fortification of Port Arthur and the newly built railways to Vladivostok and Dalny, bade fair to pass into definitive occupation and eventual annexation. Under these circumstances, the State Department restricted its action mainly to a series of diplomatic protests, which, on the whole, made slight impression on the Tsarist officials.³ The Russian activities, in Korea even more than Manchuria, also came into conflict with Japan's continental program. Japanese efforts to obtain positive support from the United States in defense of the open door, however, elicited cautious response. In reply to a direct inquiry from Japan regarding American policy, Secretary Hay stated on February 1, 1901 that "we were not at present prepared to attempt singly, or in concert with other Powers, to enforce" our views as to the integrity of China "by any demonstration which could present a character of hostility to any other Power."⁴

During the following year Japan concluded its alliance with Great Britain, and in 1904-5 the Russian advance was halted by Japanese arms. The United States, as well as Great Britain, was generally sympathetic toward Japan's cause in the Russo-Japanese War. At the peace conference it compromised with

² *Foreign Relations of the United States, 1900*, Washington, D.C., 1902, p. 299.

³ On one occasion during this period the United States sent a naval vessel to Newchwang to support the American consul and the American position.

⁴ Quoted by Alfred L. P. Dennis, *Adventures in American Diplomacy, 1896-1906*. E. P. Dutton, New York, 1928, p. 242.

certain of Japan's aggressive aims. Despite the existence of a Korean-American treaty of amity, it offered little opposition to the establishment of a Japanese protectorate over Korea—which was permitted to develop into annexation five years later. Clear evidence of Japan's ambitious policy, displayed in Manchuria no less than Korea, may have been one of the reasons why American public opinion underwent a remarkable shift after the war.

The American authorities were more largely concerned over the eventual status of Manchuria than of Korea. President Roosevelt, whose mediation was instrumental in achieving the peace settlement at Portsmouth on September 5, 1905, had sought and obtained prior assurances from Japan respecting Chinese sovereignty in Manchuria. The treaty itself contained a provision binding Japan and Russia "not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria."⁵ Insertion of this clause in the Portsmouth Treaty proved easier to obtain than its enforcement, as lengthy diplomatic exchanges with Japan in 1905-6 and the subsequent controversies over American and British railway projects in Manchuria indicated.

Conditions established in Manchuria, in fact, were by no means satisfactory from the American point of view. A Russo-Japanese balance of power tended to pass into Russian and Japanese spheres of influence. In the north, the Chinese Eastern Railway remained under Russian control, while in the south Japan held the Dairen leasehold and the South Manchuria Railway, which was shortly linked to Korea by a Japanese branch line via Antung. Subject to these derogations, and to limitations on equality of commercial opportunity imposed by Japan and Russia, formal Chinese sovereignty was maintained in Manchuria. Its effective assertion depended, in the last analysis, on the degree to which China could develop unity and strength.

Reviewing the whole decade, however, the fact remains that the United States was fairly successful in attaining its general aims during an extremely difficult period. Korea was subjected to Japan's control and a strong Japanese foothold was established in South Manchuria, but the larger issues affecting China were satisfactorily met. Conversion of the "spheres of interest" into

⁵ John V. A. MacMurray, *Treaties, etc.*, Oxford University Press, New York, 1921. Vol. I, p. 523.

exclusive protectorates, which seemed inevitable for a time, was forestalled. Despite the dangers occasioned by the Boxer Rebellion, no further territories were wrested from China as a consequence of this upheaval.⁶ Annexation of Manchuria by either Russia or Japan was prevented and Chinese sovereignty was formally maintained. These results were achieved by methods which exhibited a caution typical of American Far Eastern policy and which were successful in avoiding war.

⁶In later years, moreover, the United States took the lead in lifting the heaviest imposition of the Protocol by remission of the Boxer Indemnity—an example which was eventually followed by the other powers.

CHAPTER IV

THE FIRST WORLD WAR

The settlement reached at Portsmouth remained effective for nearly a decade, until the outbreak of the first World War in August 1914. Toward the end of this period the Manchu Dynasty was overthrown and a republic proclaimed in China, although the latter passed almost immediately under Yuan Shih-kai's dictatorial control. Important changes also occurred in Japan. Two successful wars had established it as a ranking imperialist competitor of the Western powers. At the end of the first Sino-Japanese War, the terms imposed by Japan had secured its equality with the other treaty powers *vis-à-vis* China. So far as status was concerned, the clause of the Shimonoseki Treaty according Japan most-favored-nation treatment, i.e., extraterritorial and tariff privileges in China, was more noteworthy than the territorial and indemnity clauses.¹ After the Russo-Japanese War, the sum total of the territories wrested from China by Japan, including Formosa, the Pescadores and Korea,² together with the special position held in South Manchuria, compared not unfavorably with the territories and leaseholds acquired by Great Britain, France or Germany since 1842. Industrialization, gradually emancipated from direct government support, was transforming Japan's economy. Foreign trade, which totalled only ¥390 millions in 1896, advanced to ¥810 millions in 1905 and to ¥1,362 millions in 1913.³ In modern industrial technique, however, Japan still lagged behind the advanced Western powers in 1914. The relative success of its territorial expansion was due more to nearness to the scene of action and to possession of a strong military-naval striking force.

¹ An anomalous situation, by which Japan enjoyed extraterritorial rights in China while subjected to the disabilities of the system at home, existed from April 17, 1895 to August 4, 1899. The same discrepancy with regard to tariffs lasted until 1912.

² Japan formally annexed Korea on August 22, 1910. The Root-Takahira notes of November 30, 1903, pledging maintenance of the status quo, had tacitly sanctioned Japan's protectorate over Korea established in 1905.

³ The most startling growth occurred during and after the World War, when Japan's trade passed the ¥4,000 million mark.

These advantages became especially obvious at the outset of the first World War, when the Western powers' attention was concentrated on the European battlefields. For Japan the impulse to heed this invitation to greater imperial expansion arose naturally out of a social-economic system which held the mass of its own people in bondage. Nor was this impulse weakened by still vivid memories: certain episodes during the "opening" of the country in the mid-nineteenth century; the tripartite intervention of 1895; and the galling weight of extraterritorial and statutory tariff shackles, the latter of which had not been fully removed until 1912. The invitation was accepted with gusto.

Within the brief space of three years, Japan had taken a series of giant strides toward a position of dominance in the Far East. Complete military occupation of the German leasehold at Tsingtao was effected during the autumn months of 1914. Treaties and notes signed with China on May 25, 1915, as a result of the Twenty-One Demands, confirmed Japan in the disposition of all German "rights, interests and concessions" in Shantung province. In addition, they extended the term of Japan's Dairen-Port Arthur leasehold (due to expire in 1923) to 1997, of the South Manchuria Railway lease to 2002, and of the Antung-Mukden Railway lease to 2007; granted a number of important economic and political privileges to Japan in South Manchuria and Eastern Inner Mongolia affecting railways, mines, opening of new treaty ports, leasing of land, and appointment of advisers to the local Chinese authorities; and admitted certain prior rights of Japan in regard to exploitation of the Hanyehping coal and iron mines near Hankow.⁴ Japanese naval vessels also occupied the strategically located German islands lying north of the equator in the Pacific. Secret agreements, signed with Britain, France, Russia and Italy in February-March 1917, allocated these various gains to Japan in the settlement which was to follow the war. In 1918, finally, large numbers of Japanese troops spread over eastern Siberia, and remained there after troops of the other allied and associated powers had been withdrawn.

Through most of this period, the United States was the only Western power with sufficient freedom of action to place restraint on Japan's advances in the Far East. When the terms of

⁴ MacMurray, *op. cit.*, Vol. II, pp. 1216-30.

the Twenty-One Demands became known, Secretary Bryan sent identic notes to China and Japan, declaring that the American government could not "recognize any agreement or undertaking . . . impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the open door policy."⁵ American diplomatic pressure was mainly responsible for securing withdrawal of Group V of the Twenty-One Demands which would have subjected the Chinese central government to a large measure of Japanese control. It could not prevent signature of the treaties of May 25, 1914, embodying most of the other demands. The protests were made independently of any other power, and were not backed by any form of military or naval pressure. The American navy, indeed, was exceptionally weak at the outset of the war; only later was a large naval building program authorized and pushed to completion. Essentially, the American government reserved the right to deal with the new situation created in the Far East at some future and more opportune time.

After the United States became a belligerent, its position with respect to Japan was even more difficult. Japan capitalized on this situation by despatching Viscount Ishii to the United States as an envoy on special mission. The Lansing-Ishii agreement of November 2, 1917, while stressing Japan's adherence to the open door formula, lent strength to the Japanese case by admitting that territorial propinquity created "special interests" for the latter in China.⁶ At the peace conference President Wilson, confronted with the secret treaties, was forced to permit transfer of the former German rights in Shantung province to Japan, while the German islands north of the equator in the Pacific went to Japan in the shape of a Class C mandate. Efforts by the Chinese delegation to induce reconsideration of Japan's gains in Manchuria under the 1915 treaties met with scant attention at the conference.

In the 1919-21 period, after negotiation of the Versailles Treaty, underlying weaknesses in Japan's position gradually became apparent. The Chinese delegates refused to sign the

⁵ *Foreign Relations of the United States, 1915*, Washington, D. C., 1924, p. 146.

⁶ *Foreign Relations of the United States, 1917*, Washington, D.C., 1926, pp. 264-5.

treaty. Explosive student outbursts drove the Japanese-dominated Anfu clique from office in Peking. The student uprising then passed into a broad nationalist movement, culminating in an effective boycott of Japanese goods. As the intervention in Siberia became less tenable, it acted to discredit the military in the eyes of the Japanese people. By early 1921 the moderate elements, who were to dominate a succession of Cabinets in Japan during the twenties, had become vocal and assertive. External factors in the balance of forces had shifted against Japan. In the United States, the Shantung award became an issue that contributed to eventual rejection of the whole peace settlement. American naval expansion reached a new peak during these years. The combined costs of the Siberian intervention and the naval race had become a heavy burden on Japan. The attitude of the European powers was also changing. Great Britain, in particular, was under pressure from Canada not to renew the Anglo-Japanese Alliance, which was about to expire. The cautious policy pursued by the American government since August 1914 had at last borne fruit. On July 27, 1921, President Harding extended invitations for the Washington Conference. It met under very different conditions from those which had prevailed at Paris two years earlier.

Agreements reached at Washington, of which the most important were signed on February 6, 1922, marked the conclusion of the period of Far Eastern crisis initiated by the first World War. A broad compromise, involving naval armament and political questions, was effected between Japan and the Western powers. The 5-5-3 naval ratio in capital ships and airplane carriers, established for Britain, the United States and Japan, relieved the latter of the heavy financial burden entailed by the naval building race. It also secured Japan against single-handed attack by either Britain or the United States, especially in conjunction with the provision maintaining the *status quo* on fortifications and naval bases in a wide radius of the Pacific. The Four-Power Treaty, which pledged Britain, France, the United States and Japan to respect each other's insular possessions in the Pacific, supplanted the Anglo-Japanese Alliance.

In return for these substantial contributions to its security in Far Eastern waters, Japan withdrew from its advanced positions on the Asiatic continent and accepted a comprehensive redefinition of the open door policy in China. Assisted by

neutral observers, the Chinese and Japanese delegates engaged in negotiations which led to an agreement restoring Shantung province to China. During the conference Japan also stated that it intended to evacuate Siberia when conditions permitted—a declaration carried out before the end of 1922. In the Nine-Power Treaty Japan pledged itself, along with the other signatories, to respect China's sovereignty, independence and territorial and administrative integrity, to provide China the fullest and most unembarrassed opportunity to develop and maintain an effective and stable government, to uphold the principle of the open door throughout China, and not to take or support any action designed to create spheres of interest or exclusive rights in any region of China.⁷

If the territorial status existing in the Far East after this settlement is compared with that of August 1914, it will be seen that Japan's position had measurably improved. Its larger ambitions in Shantung and Siberia had not been attained. Yet it was now the mandatory power for the mid-Pacific islands, which were of immense strategic if not economic importance. In addition, Japan had radically strengthened its grip on South Manchuria. During the conference sessions, the Chinese delegates launched a determined attack on the validity of the Sino-Japanese notes and treaties, including those applying to Manchuria, signed in May 1915 as a result of the Twenty-One Demands. On this issue, the Japanese delegates were adamant. Japan clung firmly to its new treaty rights in Manchuria, and the conference failed to restore the prewar status.

From the point of view of American Far Eastern policy, the Nine-Power Treaty was the most significant result of the conference. It secured, for the first time, formal and complete international acceptance of the open door principle as applied to China, defined in terms more concrete and comprehensive than ever before. On the other hand, the conference failed to establish satisfactory international machinery for the application or enforcement of the pledges taken under the Nine-Power Treaty. The treaty itself provided merely that when, in the opinion of a signatory, a situation had arisen involving application of the treaty's stipulations and rendering discussion of such application desirable, there should be "full and frank communication"

⁷ For texts of treaties and resolutions, see *Conference on the Limitation of Armament*, Washington, D.C., 1922, pp. 1569-1659.

between the contracting powers concerned. Resolution IV, providing for a Board of Reference of the treaty signatories to be set up in China for investigation and mediation of disputes, was emasculated by exceptions taken by certain powers at the conference and in the end the projected board was never established. No enforcement machinery was envisaged. With virtually unrestricted supremacy in Far Eastern waters, Japan was placed in a position where it might disregard the stipulations of the treaty with impunity. Short of combined Anglo-American action, which might prove difficult to secure at any given time, there was no assurance that independent action by Japan could be curbed. In this connection, a further important hiatus in the peace machinery of the Pacific, as established at Washington, should not be overlooked. Aside from Japan, only one other power—the U.S.S.R.—enjoyed similar advantages of geographical propinquity to China. Yet the Soviet Union was not invited to the Washington Conference, and did not become a signatory of the Nine-Power Treaty.

CHAPTER V

BETWEEN WARS

The Far Eastern *détente* which succeeded the Washington Conference bore remarkable similarities to the period after the Portsmouth Treaty. The settlement at Portsmouth had concluded the era of sharp international conflict, marked by constant resort to arms, which had begun in 1894. It was followed by nearly ten years of relative peace, from September 5, 1905 to August 4, 1914. While international rivalries in China continued during this period, they were not its most prominent feature. Revolutionary movements in China, culminating in the overthrow of the Manchu dynasty, held the center of the stage. This cycle was now repeated under new circumstances. The postwar stabilization in the Far East, following the 1914-22 period of international conflict,¹ also lasted for nearly ten years, from February 6, 1922 to September 18, 1931. International rivalries were again subordinated to revolutionary developments in China, marking a new and higher stage of the latter's efforts to achieve domestic stability and modernization and freedom from international servitudes.

Before considering this central aspect of the 1922-31 era, several important events in Japanese-American relations should be noted. On April 14, 1923 an exchange of notes between Secretary Hughes and the Japanese Ambassador, Masanao Hanihara, declared that the Lansing-Ishii agreement, in view of the understandings reached at the Washington Conference, should be considered "as cancelled and of no further force or effect."² In September of that year the great earthquake occurred at Tokyo and its environs. The catastrophe was marked by an extraordinary response from the United States, both in sympathy and material aid. Nine months later, on May 26, 1924, the American Congress passed the statute barring aliens "ineli-

¹ The period of armed strife was actually concluded by withdrawal of Japanese military forces from Siberia in October 1922.

² U.S. Senate, *Treaties, Conventions, International Agreements: 1910-1923*, Vol. III, pp. 3825-6.

gible to citizenship" from admission to the United States. President Coolidge addressed formal objection to Congress against passage of this statute, but to no avail.³ The authorities in Japan accepted the act with restraint, but its racial implications sank deep into the Japanese consciousness and supplied fuel to chauvinist groups. Two further events deserve notice. In 1929 Japan adhered to the Paris Pact, but only after reservations which affected Manchuria and the clause "in the names of their respective peoples." In 1930, at the London Naval Conference, Japan accepted extension of the naval limitation principle to cruisers, destroyers and submarines, but the bitter domestic struggle attending ratification of the treaty brought forward the militant exponents of an aggressive policy who were shortly to assert control in Japan.

The dominant issues in Far Eastern politics during this era, however, centered about the upheaval that was occurring in China. Vigorous nationalist forces, unleashed in China immediately after the first World War, continued to operate throughout the decade of postwar stabilization. Underlying the domestic strife and turmoil, and continually reappearing in one form or another, was a powerful drive for emancipation from the semi-colonial status imposed by the unequal treaties. The opening breach in this system was made by the peace treaties, which deprived Germany and Austria-Hungary of their concessions and special treaty privileges in China. In 1921-4 the Soviet Union had voluntarily relinquished similar privileges formerly possessed by Russia, except for rights and interests connected with the Chinese Eastern Railway in North Manchuria. Most of the leading countries and many lesser powers, however, still exercised various special privileges under the unequal treaty system. These included territorial and administrative rights in concessions, settlements and leaseholds, the extraterritorial system, the statutory tariff, navigation of China's coastal and inland waters by foreign naval and commercial vessels, and garrisoning of foreign military units in Shanghai, Peking, Tientsin and certain other points.

China's first determined effort to overthrow this system occurred during the revolutionary upheaval of 1925-7. The

³ For analysis of the immigration issue and documentary texts, see Raymond Leslie Buell, *Japanese Immigration*, World Peace Foundation Pamphlets, Boston, 1924, Vol. VII, Nos. 5-6, pp. 281-380.

struggle continued in a more moderate form under the Nanking Government which emerged in 1927-8. Between 1925 and 1931, the brunt of the offensive shifted from one power to another; at different times Great Britain, the Soviet Union and Japan felt the weight of this Chinese drive for a national status of equality and independence. The Kuomintang, or National Party, reorganized and strengthened by an *entente* with the U.S.S.R. established by Sun Yat-sen in 1923, after rebuffs from the Western powers, was the moving force behind the rapid developments of these years.

From 1925 to 1927 the nationalist attack was directed mainly against Great Britain, especially at Hongkong and Hankow. British policy, however, despite precautionary mobilization of troops at Shanghai in 1927, was markedly restrained. During this period, under the conciliatory policy of Foreign Minister Shidehara, Japan stood aloof from the conflict. The Japanese gunboats, in a notable example of restraint, refrained from participating in the bombardment laid down by foreign naval vessels at Nanking in March 1927. This attitude changed as the Kuomintang forces, now under control of the Chinese conservatives, entered the northern provinces in 1927 and 1928. A new Cabinet, dominated by General Baron Tanaka, despatched Japanese expeditionary forces to Shantung in the spring of 1927 and again in May 1928. At Tsinan, in the latter case, these forces clashed with units of General Chiang Kai-shek's nationalist troops. The "positive" policy of General Tanaka was also evidenced by a series of warnings against carrying the war into Manchuria, by circumstances indicating Japanese complicity in the death of Chang Tso-lin at Mukden in June 1928, by pressure on Chang Hsueh-liang against adhering to the Kuomintang cause, and by maintenance of occupationary forces in Shantung, despite a severe boycott of Japanese goods occasioned thereby, until the spring of 1929. The turn of the Soviet Union came in the autumn of 1929, with a series of raids on the Chinese Eastern Railway establishments and arrests of Soviet officials connected with the railway, on the ground that they were engaging in Communist propaganda. A sharp clash between Soviet and Chinese military forces in North Manchuria quickly led to an agreement restoring the *status quo ante*, but not before Moscow had rebuffed Secretary Stimson's effort to invoke the Paris Pact.

The results of this nationalist insurgence were recorded in a series of important diplomatic achievements, which, from 1927 to 1931, forced the second great breach in the unequal treaty system. Early in 1927 Great Britain agreed to restore the British concessions at Hankow and Kiukiang to Chinese jurisdiction. Other agreements followed, until by 1930 China had also regained British concessions at Chinkiang and Amoy, the Belgian concession at Tientsin, and the British leasehold at Weihaiwei. The tariff and extraterritoriality conferences proposed by the Washington Conference had met in China in 1926, but, except for approving a slight increase in the tariff rates, had accomplished little toward restoring Chinese sovereignty in customs and judicial matters. On July 25, 1928, however, the United States signed a treaty with the Nanking Government providing for tariff equality by January 1, 1929, subject to a most-favored-nation proviso. The State Department rightly judged that this lead would be followed by the other powers. In the summer and fall of 1928 the Chinese government concluded a series of similar treaties with the several powers; after a year's delay, occasioned by Japanese objections, China achieved tariff autonomy early in 1930.⁴ In the drive toward equality of status another significant demand—abolition of the extraterritorial system—was also being vigorously pushed by the Chinese authorities. Eventually, only four major powers, France, Great Britain, the United States and Japan, blocked the path toward restoration of China's judicial autonomy. In the summer of 1931, with new legal codes prepared and partially operative, the effort to abolish extraterritorial jurisdiction stood on the verge of success. Negotiations with Britain and the United States had reached a stage at which the basic issue was already conceded; details regarding the status of Shanghai during a transitional period were all that remained to be settled. Before final agreement was consummated, the events at Mukden on the night of September 18 supervened.

These developments in China were of prime significance for American Far Eastern policy. The open door doctrine looked forward, at least by implication, to the day when China would establish control in its own house. It was applicable, on the political side, as a self-denying principle until this end was

⁴Subject to a three-year conventional schedule on Japan's major items of export to China.

achieved. Once China had attained full and independent mastery over its national destinies, the covenants of the Nine-Power Treaty—at one time perhaps the leading factor in America's involvement in the Far East—would lapse.

Within the decade of the twenties, China had made rapid advances in both domestic and foreign affairs. Some of the most backward of the old regional warlords had been eliminated, and a promising start toward modernization of the administrative services had been made. The handling of the national finances had also improved, though much still remained to be done. A certain degree of centralization of government had been achieved. Despite this progress, the fundamental task of overcoming the old-established elements of disunity had not been accomplished. When Marshal Chang Hsueh-liang of Manchuria threw in his lot with the Kuomintang authorities at Nanking in December 1928, China was more united than at any previous time since the collapse of the Manchu dynasty in 1911-12. This unity, however, was still more nominal than real. In 1929 there was a brief but important clash near Hankow, in which the troops of Generals Li Tsung-jen and Pai Chung-hsi were defeated and forced to withdraw into Kwangsi. In 1930 there was a large-scale civil war between the forces of the Nanking authorities, under Chiang Kai-shek, and the coalition headed by Generals Feng Yu-hsiang and Yen Hsi-shan in North China. In May 1931 a split at Nanking led to establishment of a rival government at Canton; later in the year, an armed clash between these governments seemed imminent. The protracted struggle between the Nanking Government and the Chinese Communist forces had already assumed large proportions in 1930-31. Largely by reason of this failure to establish effective political unity, China fell short of achieving its untrammelled independence during these years. A long period of severe struggle lay ahead before an equally favorable opportunity for the realization of this aim would present itself.

CHAPTER VI

THE MANCHURIAN CRISIS: 1931-1933

The autumn of 1931 ushered in a third cycle of acute international conflict in the Far East. For ten years it was marked by successively expanding Japanese attacks on China's territorial and administrative integrity; then it exploded in the Pacific war.

Under the circumstances which prevailed at the end of 1931, Japan possessed greater freedom of action than at any time since the World War of 1914-18. The European powers and the United States were preoccupied by the effects of an economic crisis which was still in full swing. England's abandonment of the gold standard virtually coincided with the Mukden "incident" of September 18. British and American naval construction had lagged since 1922, but Japan had steadily built up to treaty limits, thus reinforcing its dominance in Far Eastern waters. The U.S.S.R. was absorbed in the tasks of the first five-year plan, agricultural collectivization was only beginning, and the defenses of the Siberian maritime provinces were relatively undeveloped. China was in the throes of civil strife, and the Yangtze Valley provinces were suffering from a disastrous flood. These conditions were of such a kind that they could not for the most part be easily or quickly modified, while after 1933 the rise of Nazi Germany prolonged and intensified the political disturbances in Europe.

The first phase of the renewed Far Eastern unsettlement, ending with the Tangku Truce of May 31, 1933, was covered almost exactly by the last eighteen months of Secretary Stimson's term of office. From the outset the State Department co-ordinated its diplomatic efforts with those of the League Council, in an attempt to localize the hostilities in Manchuria. As early as September 24 the American government despatched identic notes to China and Japan, similar in tenor to telegrams sent by the President of the League of Nations two days earlier. On October 5 Secretary Stimson telegraphed a statement to the Secretary-General of the League, declaring that the American

Government would act "independently through its diplomatic representatives" in the endeavor "to reinforce what the League does . . ."¹ For several months the State Department, working on the assumption that the hands of the moderates at Tokyo should be strengthened, confined its independent action mainly to a series of unpublished diplomatic protests.² During this period two American representatives participated informally in the League deliberations. On December 10, 1931 the League Commission of Inquiry, which included an American national, Major-General Frank R. McCoy, in its personnel, was appointed. The Minseito Cabinet resigned on the following day. Japanese military operations in Manchuria continued to spread, and on January 7, 1932 Secretary Stimson issued his non-recognition statement.

Couched in terms very nearly identical with Secretary Bryan's note of May 11, 1915, this statement enlarged the scope of the earlier move by attempting to secure universal application of the non-recognition doctrine as a sanction to the Pact of Paris. Its essential section declared that the American government "cannot admit the legality of any situation *de facto* nor does it intend to recognize any treaty or agreement entered into between those Governments, or agents thereof, which may impair the treaty rights of the United States or its citizens in China, including those which relate to the sovereignty, the independence, or the territorial and administrative integrity of the Republic of China, or to the international policy relative to China, commonly known as the open-door policy; and that it does not intend to recognize any situation, treaty, or agreement which may be brought about by means contrary to the covenants and obligations of the Pact of Paris of August 27, 1928, to which treaty both China and Japan, as well as the United States, are parties."³

The terms of this note were communicated in advance to the British and French Ambassadors, and the co-operation of their governments was invited. The force of the *démarche*, however, was blunted by the cool reception accorded it at London. A Foreign Office *communiqué*, published on January 11, underlined Japanese assurances respecting the open door in Man-

¹ Henry L. Stimson, *The Far Eastern Crisis*, Harpers, New York, 1936, p. 52.

² Eventually published in "Conditions in Manchuria," Senate Document 53, 72nd Congress, 1st Session.

³ State Department, *Press Releases*, January 9, 1932, pp. 41-2.

churia and indicated that, in view of these statements, "His Majesty's Government have not considered it necessary to address any formal note to the Japanese Government on the lines of the American Government's note . . ."⁴ On the same day, an editorial in *The Times* stated that "in declining to address a communication to the Chinese and Japanese Governments on the lines of Mr. Stimson's Note, the British Government have acted wisely."

The State Department's inclination, following upon the Shanghai hostilities, to clarify the position through a statement issued by the several Nine-Power Treaty signatories was also balked when Secretary Stimson became convinced, after a number of telephone conversations with Sir John Simon, that the British Government was "reluctant to join in such a *démarche*."⁵ At this period American public opinion, stirred by the bombings of Chapei, tended to be responsive to a lead given by the government. Under the circumstances, Secretary Stimson was compelled to confine this action to a unilateral statement of the American position, given on February 24, 1932 in his letter to Senator Borah. In this letter, after recapitulating the historical steps in the formulation of American Far Eastern policy and its embodiment in the Nine-Power Treaty, he declared:

"This treaty thus represents a carefully developed and matured international policy intended, on the one hand, to assure to all of the contracting parties their rights and interests in and with regard to China and on the other hand, to assure to the people of China the fullest opportunity to develop without molestation their sovereignty and independence according to the modern and enlightened standards believed to maintain among the peoples of this earth. At the time this treaty was signed, it was known that China was engaged in an attempt to develop the free institutions of a self-governing republic after her recent revolution from an autocratic form of government; that she would require many years of both economic and political effort to that end; and that her progress would necessarily be slow. The treaty was thus a covenant of self-denial among the signatory powers in deliberate renunciation of any policy of aggression which might tend to interfere with that development. It was believed—and the whole history of the develop-

⁴ Arnold J. Toynbee, *Survey of International Affairs*, 1932, pp. 541-2.

⁵ Stimson, *op. cit.*, p. 164.

ment of the 'open door' policy reveals that faith—that only by such a process, under the protection of such an agreement, could the fullest interests not only of China but of all nations which have intercourse with her best be served . . .

"It must be remembered also that this treaty was one of several treaties and agreements entered into at the Washington Conference by the various powers concerned, all of which were interrelated and interdependent. No one of these treaties can be disregarded without disturbing the general understanding and equilibrium which were intended to be accomplished and effected by the group of agreements arrived at in their entirety. The Washington Conference was essentially a disarmament conference, aimed to promote the possibility of peace in the world not only through the cessation of competition in naval armament but also by the solution of various other disturbing problems which threatened the peace of the world, particularly in the Far East. These problems were all interrelated. The willingness of the American Government to surrender its then commanding lead in battleship construction and to leave its positions at Guam and in the Philippines without further fortification, was predicated upon, among other things, the self-denying covenants contained in the Nine Power Treaty, which assured the nations of the world not only of equal opportunity for their Eastern trade but also against the military aggrandizement of any other power at the expense of China. One can not discuss the possibility of modifying or abrogating those provisions of the Nine Power Treaty without considering at the same time the other promises upon which they were really dependent . . .

"On January 7th last, upon the instruction of the President, this Government formally notified Japan and China that it would not recognize any situation, treaty, or agreement entered into by those Governments in violation of the covenants of these treaties, which affected the rights of our Government or its citizens in China. If a similar decision should be reached and a similar position taken by the other governments of the world, a *caveat* will be placed upon such action which, we believe, will effectively bar the legality hereafter of any title or right sought to be obtained by pressure or treaty violation, and which, as has been shown by history in the past, will eventually lead to the

restitution to China of rights and titles of which she may have been deprived. . . ."⁶

This letter, as the commentary in Secretary Stimson's book indicates, was in part directed toward the approaching session of the League Assembly. Its open invitation for international action was accepted by the Assembly on March 11, 1932, when it adopted a resolution including a provision declaring it incumbent on League members "not to recognize any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations." Nearly a year elapsed before the Lytton Report was completed, presented to the League Council, and made the basis of a formal report. On February 24, 1933, in its report approving the recommendations of the Lytton Commission, the Assembly included a provision obligating League members not to recognize Manchukuo.

One week later the Hoover administration went out of office. Its Far Eastern policy was based on traditional lines, both in the principles advocated and the cautious methods of action used to uphold them. In one respect, the extent and closeness of its co-operation with the League of Nations, the State Department had broken new ground. On the whole, however, the failure of Washington and London to see eye to eye at critical moments had nullified the effectiveness of this co-operation. The non-recognition doctrine, even though broadened into an international sanction of the Nine-Power Treaty, the Pact of Paris and the League Covenant, was unable to effect an immediate reversal of the results of aggression so long as it was supported by no more effective measures than the force of public opinion. General acceptance of the doctrine, nevertheless, by preventing Japan from securing legal title to the gains which it had achieved, left the question open for ultimate determination. This was a stronger reservation than the United States, acting alone and against its allies, had been able to interpose during the World War.

⁶ For text, see *Peace and War*, Department of State, 1943, pp. 168-73.

CHAPTER VII

JAPANESE PRESSURE ON RESURGENT CHINA:

1933-1937

A second phase of the Far Eastern crisis, in which issues affecting American policy were less sharply emphasized, lies between the Tangku Truce (May 31, 1933) and the Lukouchiao "incident" (July 7, 1937). In Manchukuo, during these four years, Japan consolidated its military-political control, and carried forward an economic program featuring railway construction and the partial development of industry. Japanese pressure of varying intensity was also directed against China south of the Wall throughout this period, but without giving rise to large-scale hostilities. Pressure was also felt to some extent at Nanking, where a tariff revision favoring Japanese products, for example, was secured in 1934. The Nanking authorities, moreover, complied with Tokyo's demand for rigid limitations on anti-Japanese agitation in the press and on the public platform. On the whole, however, the Chinese central government managed to stave off full application of Japan's larger aims, as embodied in the so-called Hirota "three principles," particularly with respect to recognition of Manchukuo and establishment of a Japan-China-Manchukuo economic bloc.

Mainly as the result of successive steps in 1935 and 1936, Japan's economic-political penetration achieved much greater progress in North China. In accordance with the terms of the Ho-Umetzu and Chin-Doihara agreements of June 1935, extorted by threat of military action, the troops and party organs of the central government were driven from Hopei and Chahar provinces. This process was carried still further by the five-province "autonomy" movement conducted by Major-General Kenji Doihara in the fall of 1935. Although its full objective was not attained, the movement led to the formation of the semi-autonomous Hopei-Chahar Political Council, with Japanese military, political and economic advisers. In addition, there was set up in the former East Hopei "demilitarized zone" a regime, headed by Yin Ju-keng, which was definitely sub-

ordinated to Japanese control. Within this area, and along its coasts, Chinese customs authority was overridden, and a large smuggling traffic in Japanese goods, which had previously developed, was given quasi-legality by low tariff rates imposed by the new East Hopei authorities. In December 1935, on the heels of the "autonomy" agitation, a considerable area of Chahar province was occupied by Chinese and Mongol puppet forces. Efforts to extend this occupation of Inner Mongolia failed. When similar puppet forces invaded Suiyuan province in November 1936, they were defeated by local provincial troops under General Fu Tso-yi. Economic penetration, aside from growing Japanese influence in Tientsin, notably in the taking over of bankrupted Chinese textile mills, was furthered by agreements affecting railway projects, airlines, mining rights, and stimulation of cotton cultivation. These latter agreements were obtained under duress, and it proved difficult to apply them in practice. Complete Japanese control in North China, either in the political or economic fields, was far from being achieved—a fact which became increasingly obvious in 1936 and early 1937.

Toward the end of this period, under the stimulus of revived nationalist forces, China's political unification began to make substantial progress. The student demonstrations at Peiping in December 1935, which rapidly spread throughout the country, were soon transformed into a broad movement for national unity and resistance to Japanese aggression. Both the central authorities and the dissident groups felt the pressure exerted by this movement. During the summer of 1936, after a threatened clash in the south had been averted, there were significant results: reassertion of the central government's authority in Kwangtung province, and establishment of co-operative relations between Nanking and the Kwangsi leaders, Pai Chung-hsi and Li Tsung-jen. From December 1936 to February 1937, as a result of the fortnight's detention of Chiang Kai-shek at Sian, the possibility of civil war again emerged. The net results of this crisis, however, were the institution of negotiations for a Kuomintang-Communist united front, and the incorporation of Chang Hsueh-liang's Manchurian troops into the central army. By the late spring of 1937, the authority of the central government was acknowledged by every important political and military group in China.

Economic reconstruction was taking place along lines which tended to strengthen and consolidate political unity. China's commercial airlines were spreading a network of rapid communication throughout the country. Highway construction proceeded steadily, and bus services were expanding. New railways, notably the final link connecting Hankow and Canton, were being laid down. With respect to the basic issue of land reform, little more than tentative experiments of a local character had yet been inaugurated. On the other hand, the reorganization of state finances was making real progress. Central revenues had nearly doubled since 1929, despite the loss of Manchuria and the effects of smuggling in North China. Two-thirds of the old domestic loan issues had been refunded, and successive consolidations of new issues effected. Settlements of a majority of defaulted foreign loans were negotiated, and payments in arrears were being made. The acute economic crisis of 1934-5 had yielded to the significant currency reform promulgated on November 3, 1935. This reform, which nationalized silver and instituted a managed paper currency, proved to be a pronounced success. Later agreements with the American Treasury, providing dollar exchange for China's silver, placed the new currency on a sound basis and overcame the previous untoward effects of the American silver purchase policy on the Chinese economy. By the middle of 1937 Chinese business and foreign trade were regaining the high levels reached six or seven years earlier. Quotations of Chinese external bonds were nearly double those ruling a decade before, and new foreign loans were being secured. Both in the political and economic spheres, sound foundations had been laid for a stable and assured advance of more far-reaching proportions.

At the outset of this period, the Roosevelt administration had effected a considerable shift of emphasis in the Far Eastern policy of the United States. While the American government still continued to uphold the principles of the Washington Conference settlement, it relegated any positive action even further to the background. Fewer protests were registered at Tokyo, and efforts to secure cooperative measures against Japanese aggression sharply diminished. There were several reasons for this change of emphasis. The new administration was even more absorbed in coping with the domestic problems created by the depression than its predecessor. After May 1933, with

overt Sino-Japanese hostilities giving way to less startling and provocative methods of conflict, the attention of the world was no longer centered on the Far East. During this period, after the excitement occasioned by the earlier Shanghai hostilities had subsided, it was doubtful whether American public opinion would have supported aggressively sanctionist measures against Japan. The attention of the League of Nations was centered on the growing European political crisis rather than on the developments in the Far East. Under the circumstances, the American government continued to make occasional statements for the diplomatic record and to support maintenance of the non-recognition doctrine. Essentially, it fell back on long-term methods of restoring the Far Eastern equilibrium which Japan had upset. These efforts, exemplified by inauguration of a naval construction program designed to reach treaty limits by 1942, were mainly independent in character. They did not exclude cooperative action wherever possible, as during the course of the naval negotiations at London. The agreement of November 16, 1933, establishing diplomatic relations with the U.S.S.R., also contributed toward weighting the balance. While immediate results were not expected to flow from these defensive moves, the field was not abandoned. American Far Eastern policy had returned to the position adopted in 1915-21.

On taking office, the Roosevelt administration was immediately faced with the necessity of determining its attitude toward Manchukuo. At the end of February 1933, the League Assembly had invited the United States to co-operate with the Far Eastern Advisory Committee of twenty-one nations, established to facilitate settlement of the Sino-Japanese dispute in conformity with the recommendations of its Manchurian report. This invitation was accepted on March 11, when Mr. Hugh R. Wilson, American Minister to Switzerland, was appointed to participate in the Committee's deliberations in a nonvoting capacity.¹ At the very outset, the new administration had thus officially indicated its continued support of the non-recognition doctrine. In June 1933 the Advisory Committee recommended certain routine steps affecting enforcement of the nonrecognition of Manchukuo. These recommendations, with a few exceptions, were approved by the American government.

¹ Texts of invitation and response in State Department, *Press Releases*, March 18, 1933, pp. 175-8.

During these months, the Sino-Japanese hostilities which led to signature of the Tangku Truce were occurring in North China. If American diplomatic protests were delivered in Tokyo at this time, they were not made public. The first sharp issue handled by Secretary Hull developed over the Amau statement of April 17, 1934. In this declaration, the Tokyo Foreign Office spokesman claimed for Japan the right to act single-handedly in maintaining "peace and order in Eastern Asia." He declared that "any joint operations undertaken by foreign powers, even in the name of technical and financial assistance" to China, were "bound to acquire political significance." Specifically, Japan would oppose "supplying China with war planes, building airdromes in China, and detailing military instructors or military advisers to China or contracting a loan to provide funds for political uses."²

The terms of this pronouncement affected not only technical assistance being rendered to China by a number of League advisers, but were so drawn as to call into question certain American economic and political relationships with China. In May 1933 the Reconstruction Finance Corporation had granted a three-year, 50-million-dollar wheat and cotton credit to the Chinese government. American firms were participating in the development of commercial aviation in China. Toward the end of 1933 Curtiss-Wright Corporation announced plans for the construction of a five-million-dollar airplane assembly plant in China, designed to produce military planes, which was set up at Hangchow early in 1934. In 1932-3, moreover, the Aeronautics Trade Division of the Commerce Department cooperated with American aircraft firms in the selection of a number of American aviation officers, who assisted in establishing training schools for Chinese pilots at Hangchow and Canton.³ The sale of American aircraft and accessories to China, including military planes, had risen from \$157,515 in 1932 to \$1,762,247 in 1933.

On April 25 a British inquiry concerning the Amau statement was made at Tokyo; four days later, the American Ambassador delivered a note to the Japanese Foreign Minister.

² Text as cited by Arnold J. Toynbee, *Survey of International Affairs, 1934*, Oxford, 1935, pp. 650-1.

³ U. S. Senate, *Hearings Before the Special Committee Investigating the Munitions Industry*, Part 6, Exhibits 551-7; also pp. 1445-52.

As published in substance by the State Department on April 30, this communication stated:

"Recent indications of attitude on the part of the Japanese Government" with reference to China, coming from "sources so authoritative as to preclude their being ignored," make it necessary for the American government to "reaffirm the position of the United States with regard to questions of rights and interests involved." The United States is "associated with China or with Japan or with both, together with certain other countries, in multilateral treaties relating to rights and obligations in the Far East, and in one great multilateral treaty to which practically all the countries of the world are parties. Treaties can lawfully be modified or terminated only by processes prescribed or recognized or agreed upon by the parties to them. . . . In the opinion of the American people and the American government, no nation can, without the assent of the other nations concerned, rightfully endeavor to make conclusive its will in situations where there are involved the rights, the obligations, and the legitimate interests of other sovereign states."⁴

No reply was made to this communication, and there the matter was allowed to rest. Some of the American relationships with China listed above were permitted to lapse. In April 1935 the Chinese government canceled the 50-million-dollar credit agreement, apparently owing to inability to dispose of the wheat and cotton in China; of the total amount, only \$17,105,385 was used. Two months later the contract of the American aviation instructors at the Hangchow training school expired and was not renewed. On April 1, 1935 Pan American Airways acquired the American share in the China National Aviation Corporation, and this interest has been continued. The Curtiss-Wright airplane plant was successively transferred to interior points but never developed into a major enterprise.

The broad challenge to the open door policy, laid down by the Amau statement for China as a whole, was driven home more effectively in Manchukuo. After 1932 Japanese investments in Manchuria greatly increased while other foreign capital tended to withdraw, as evidenced by the closing of foreign banking, trading and construction concerns. The most controversial issue developed over the oil monopoly law promulgated by the Manchukuo authorities in November 1934 and

⁴ State Department, *Press Releases*, May 5, 1934, pp. 244-5.

made effective on April 10, 1935. On several occasions the American government, as well as Great Britain and the Netherlands, protested to Japan against the application of this law, but to no effect. By 1936 the Standard-Vacuum Oil Company, the Asiatic Petroleum Company and the Texas Oil Company had all closed their branches and retired from the profitable field of oil distribution in Manchuria, which they had previously controlled. The smuggling operations in North China, facilitated by the establishment of Yin Ju-keng's East Hopei "autonomous" regime in November 1935, also constituted an infringement of the open door policy. At its height, the illicit trade curtailed China's tariff receipts, reduced imports from Western countries, and undermined the security of foreign loans hypothecated on the Chinese customs revenue. Protests made by the British and American governments at Tokyo, however, were entirely ineffective.

The Amau statement had afforded a glimpse of Japan's ultimate objectives in China, even though it had not been enforced. Secretary Hull's rejoinder showed that the American government was still intent on maintaining unrestricted economic access of its citizens to China. The results in this case, compared with the course of events in Manchukuo and East Hopei, demonstrated once more that the open door policy could only be upheld in areas over which China exerted effective administrative control.

Issues affecting China's territorial and administrative integrity came prominently to the fore in the spring of 1935, and again during the five-province "autonomy" movement in the autumn of that year. In the first instance, the American government made no public reference to the Japanese demands on the North China authorities, although press reports indicated that secret diplomatic protests may have been delivered at Tokyo. On December 5, 1935, however, after conferences between the British Ambassador and State Department officials, simultaneous declarations were made at Washington and London. The statement issued to the press by Secretary Hull declared:

"There is going on in and with regard to North China a political struggle which is unusual in character and which may have far-reaching effects . . . whatever the origin, whoever the agents, be what they may be the methods, the fact stands out that an effort is being made—and is being resisted—to bring

about a substantial change in the political status and condition of several of China's northern Provinces . . . In the area under reference . . . there are located, and our rights and obligations appertain to, a considerable number of American nationals, some American property and substantial American commercial and cultural activities. The American Government is closely observing what is happening there . . . As I have stated on many occasions, it seems to this Government most important in this period of world-wide political unrest and economic instability that governments and peoples keep faith in principles and pledges. . . . This Government adheres to the provisions of treaties solemnly entered into for the purpose of facilitating and regulating, to reciprocal and common advantage, the contacts between and among the countries signatory."⁵

Secretary Hull's defense of the Nine-Power Treaty in this period was essentially restricted to the statements of April 1934 and December 1935. It was not designed to pass beyond a reaffirmation of American disagreement with Japan's actions, and a reservation of American treaty rights. It could not reverse the results of Japan's actions, that is, uphold the Nine-Power Treaty effectually by restoring the *status quo ante*. A successful challenge to this treaty, however, struck at the base of the Washington Conference system and rapidly undermined the treaty structure of the Pacific area. The naval limitation treaties, which had been achieved on the basis of a settlement of Far Eastern political questions, could not be maintained after that settlement had been repudiated by Japan. Collapse of naval limitation went hand in hand with the progressive inability to enforce the Nine-Power Treaty.

⁵ State Department, *Press Releases*, December 7, 1935, pp. 487-8.

CHAPTER VIII

COLLAPSE OF NAVAL LIMITATION

The first official reference to naval issues, following Japan's intervention in Manchuria, occurred in Secretary Stimson's letter to Senator Borah of February 1932. On the naval question, Secretary Stimson made the following points: (1) the several treaties and agreements entered into at Washington were "inter-related and interdependent;" (2) no one of these treaties could be disregarded without disturbing "the general understanding and equilibrium" intended to be achieved by the whole group of agreements; (3) at Washington the United States had surrendered its "commanding lead in battleship construction" and agreed to leave its "positions at Guam and in the Philippines without further fortification;" (4) these naval limitation commitments were predicated on the "self-denying covenants" of the Nine-Power Treaty.¹

Under this interpretation, the United States was logically entitled either to disavow the Washington naval treaties, or to demand an increased naval strength relative to Japan. The threat thus implied in Secretary Stimson's letter, however, did not impress Japan and was not carried into effect. During the next two years, in fact, the course of events led to a reversal of the respective American and Japanese roles which might be inferred from Secretary Stimson's statement. By 1934, when the issue of extending the naval limitation treaties became pressing, the United States was supporting an effort to maintain these agreements unimpaired. Japan, on the other hand, proved unwilling to accept a continuance of the ratio principle, whether because of *amour propre*, the exigencies of the internal political struggle, or the new "responsibilities" it had assumed in eastern Asia. By its military operations in China, Japan had effectively undermined the Nine-Power Treaty; eventually, by its denunciation of the Washington Naval Treaty, it was Japan which delivered the *coup de grace* to naval limitation.

Preliminary steps toward adequate replacement of over-age

¹ See pp. 23-4.

tonnage in the American Navy, after a long holiday of approximately ten years, were taken early in 1933, when the sum of \$238,000,000 from P.W.A. funds was allotted to naval construction. In March 1934 the Navy Department secured authorization from Congress, in the Vinson-Trammell Act, to proceed with a naval building program designed to reach treaty limits by 1942. At this time, however, Congress passed no appropriations for actual construction. A statement issued by President Roosevelt on March 27, when he affixed his signature to the Vinson-Trammell Act, declared that the administration favored naval limitation and that actual construction under the act depended on the action of future Congresses.² This declaration, in view of the approaching expiry of the naval treaties, was apparently directed in part toward Japan. On several occasions since 1931, Japan had already given indications that it was prepared to challenge the Washington and London naval agreements. In December 1932 the Japanese delegates to the Disarmament Conference suggested the need for a higher ratio as against Britain and the United States and for stiff reductions in "offensive" vessels, particularly capital ships and aircraft carriers.³ On May 25, 1933 Ambassador Sato served notice at Geneva that Japan was not prepared to accept renewal of the Washington-London treaties on the existing basis, since it regarded those treaties as "unstable."⁴

Japan's new orientation was expounded more fully at the naval conversations held in the autumn of 1934 at London in preparation for the 1935 conference. The Japanese delegation favored a "common upper limit" of global tonnage for all powers—essentially a demand for parity. In addition, they proposed abolition of "offensive" vessels, i.e., battleships, aircraft carriers and heavy cruisers, but not submarines—which were classed as "defensive." These latter proposals, which ran counter to certain British and American suggestions for reduction, received little consideration, since the Japanese delegation insisted on prior acceptance of its demand for parity before proceeding to discussion of more concrete aspects of the naval problem. Neither Great Britain nor the United States, however,

² *New York Times*, March 28, 1934.

³ League of Nations, *Conference for the Limitation and Reduction of Armaments*. 1932-33, Conf. D. 150, December 9, 1932.

⁴ *Ibid.*, *Minutes of The General Commission*, Vol. II, pp. 504-5.

was prepared to abandon the ratio principle, and the conversations adjourned without result early in November. On December 29, 1934 Japan notified the United States of its intention to terminate the Washington Naval Treaty.⁵ As the result of this notification, and failing conclusion of a new agreement, the naval limitation treaties were due to lapse on December 31, 1936.

After lengthy diplomatic negotiations, which for months seemed destined to prove unsuccessful, a full-dress naval conference including Britain, France, the United States, Japan and Italy finally opened at London in December 1935. At the first meeting, on December 9, the basic difficulty which had been revealed by the preparatory conversations again emerged. Japan clung firmly to its proposal for a "common upper limit" of naval tonnage, but was eventually confronted with united opposition from the other powers, including France and Italy. On January 15 the Japanese delegation formally withdrew from the conference. A new treaty, providing for advance notification of annual building programs and certain qualitative limitations, was signed by France, Britain and the United States on March 25, 1936. The ratio limitations opposed by Japan were entirely omitted from this treaty, but in June 1936 Japan announced its definite refusal to adhere.⁶

On December 31, 1936 the former limitations imposed by the Washington and London naval agreements lapsed, including the important provision (Article 19 of the Washington Naval Treaty) restricting fortifications in the Pacific. Except for minor proposals affecting expenditure for harbor improvements at Guam, Midway and Wake islands laid before Congress in 1939, the United States did not take advantage of this freedom to strengthen the fortification of its island possessions in the Pacific, although the American naval authorities prepared plans envisaging ultimate fortification of Guam at an estimated cost rivaling British expenditure on the Singapore base. With government assistance, moreover, Pan American Airways established a trans-Pacific commercial airline via Honolulu, Midway, Wake and Guam to Manila and Hongkong. A British-American condominium of Canton and Enderbury islands, arranged after some dispute occasioned by American occupation, also facilitated

⁵ Text in State Department, *Press Releases*, January 5, 1935, pp. 2-3.

⁶ *New York Times*, June 30, 1936.

establishment of a trans-Pacific airline to New Zealand via Canton and Noumea, inaugurated in July 1940.

In addition to these factors, the American naval building program was gradually implemented during this period. The authorizations for naval construction in the Vinson-Trammell Act were supported after 1935 by annual Congressional appropriations, and the contracts for these "treaty limit" vessels were regularly awarded from year to year. On May 17, 1938 a naval expansion measure, providing a 20 per cent increase in the authorized strength of the navy, also became law. Meanwhile, in February 1938, Britain, France and the United States sought to obtain official assurances from Japan that the latter was not exceeding the limits on size and gun calibers of capital ships and cruisers fixed by the London Naval Treaty of 1936.⁷ Failing in this attempt, the three Western powers exchanged notes terminating the qualitative limitations on capital ships contained in the 1936 treaty.⁸ Several months later Britain, France and the United States, in a protocol to the 1936 naval treaty, agreed to limit the size of capital ships to 45,000 tons, with 16-inch guns.⁹ In July 1940, following the collapse of France, Congress authorized construction of a two-ocean navy, representing an increase of 1,325,000 tons of combatant ships.

By 1938 the great powers were already engaged in virtually unlimited naval building. Actual expansion of the American navy, however, was not large in the pre-1941 period. Expenditures on new construction, advancing from the low annual level of roughly 50 million dollars in 1932-34, did not exceed 200 million dollars until 1940.¹⁰ When the threatened two-ocean war finally arrived at the end of 1941, American naval requirements—especially after the initial losses at Pearl Harbor—dwarfed the number of ships on hand and the major expansion which proved necessary had to be effected during the war.

⁷ For American note, see State Department, *Press Releases*, February 5, 1938, pp. 223-6.

⁸ For text of American note, see Document 14, p. 183.

⁹ For text, with accompanying statement by the American government, see Document 17, p. 186.

¹⁰ *The Budget of the United States Government*, 1940, pp. 921, A62.

CHAPTER IX

JAPANESE-AMERICAN TRADE FRICTION, 1933-1936

During the first Roosevelt administration, a considerable degree of friction developed over trade issues between Japan and the United States. Japan's unusual export boom in these years coincided with a halting recovery of foreign trade in the rest of the world, and thus attracted special attention from competitors in Western countries. Although Great Britain felt the brunt of this competition in 1933-34, the outcry against Japanese competition spread to American manufacturers in 1934-35. Complaints from American industrialists were seconded by members of Congress, and articles on the Japanese trade "menace" appeared in the press. The usual charges of dumping, unfair trade practices, and export subsidies were leveled against Japan; none of these, however, represented important factors in Japan's trade expansion. More important was the influence of low wage costs, reinforced by competitive advantages deriving from managerial and technical progress, rationalization of industry, and depreciation of the yen.

Two issues were uppermost: first, Japanese inroads on the American market; and, second, Japanese competition with American products in the world market. Of these, the first created the greatest amount of friction.

The great bulk of Japan's exports to the United States during this period, as indicated in the accompanying table, were not strictly competitive by any legitimate standard. For the typical year 1934, approximately 70 percent of American imports from Japan was non-dutiable, consisting of commodities either not produced in the United States, such as raw silk, or entirely supplementary to domestic production. Of the dutiable imports, barely 8 percent was substantially competitive. During 1933-36 restrictive action—mainly in the form of tariff increases—was taken against a number of these imports, including such items as canned fish, cotton, rugs, wool knit gloves, and rubber footwear.

The most serious agitation had arisen over imports of Japa-

nese cotton cloth, which rose from 7,287,017 square yards in 1934 to 36,474,834 in 1935, valued respectively at \$363,043 and \$1,727,852. These imports constituted a negligible fraction of total domestic production, but were mainly concentrated in a special cloth which competed at a low price with the American

UNITED STATES IMPORTS FROM JAPAN IN 1934 *
(of items valued at \$12,000 or more, classified according to competitiveness)

| <i>Classification</i> | <i>Value</i> | <i>Percent of Total Imports from Japan</i> |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------------------------------------------|
| Total imports from Japan | \$117,963,573 | 100.0 |
| Imports of 271 items valued at \$12,000 or more . . . | 116,391,752 | 98.7 |
| I. Commodities imported free of duty | 83,863,209 | 71.1 |
| II. Dutiable imports | 32,528,543 | 27.6 |
| A. Commodities of which there is no domestic production | 6,656,743 | 5.6 |
| B. Commodities, the domestic production of which is insufficient | 3,924,498 | 3.3 |
| C. Commodities imported due to special condi- tions, either temporary or permanent, and not competitive at time or place of sale . . . | 363,726 | 0.3 |
| D. Commodities of a type not produced in the United States, consumed mainly by Ori- entals | 1,059,898 | 0.9 |
| E. Commodities sold in the United States chiefly on the basis of their Oriental or novelty nature | 3,437,687 | 2.9 |
| F. Commodities distinctly different in type or grade from those produced in the United States | 5,013,197 | 4.2 |
| G. Commodities which are competitive but imports of which are negligible in com- parison with domestic production | 2,359,038 | 2.0 |
| H. Commodities which are substantially com- petitive | 9,713,756 | 8.2 |

* Compiled from *Recent Developments in the Foreign Trade of Japan*, United States Tariff Commission, Washington, D. C., 1936, Report No. 105, Second Series; for more detailed analysis see "Japan's Trade Boom," *Foreign Policy Reports*, March 15, 1936.

product. In this range, for 1935, competition roughly centered on 30 million square yards of imported cloth as against domestic production of 150 million square yards, or 20 percent of the total. A report issued on August 20, 1935 by a special Cabinet Committee, previously appointed by the President to investigate conditions in the cotton textile industry, recommended negotiation of an informal quota agreement with Japanese manufacturers covering textile products which had been the subject of complaint. Voluntary limitations imposed later by

the Japanese industry were only partially effective, but toward the end of 1936 a comprehensive quota agreement was successfully concluded between the Japanese and American manufacturers. Following this agreement, which was subsequently renewed, the phase of acute friction rapidly passed.

The second issue—competition in world markets—was also raised in sharpest form during the 1934-36 period, when the American trade recovery was proceeding much more slowly than Japan's phenomenal expansion. Effective competition, however, was limited in respect to both area and commodity. After 1929 the largest American trade losses were in Canada and in Europe, where Japanese competition was negligible. Even in Latin America where, for a brief period, Japan registered some of its most startling percentage increases, the absolute gains were small and remained only a fraction of American totals. After 1934, moreover, growing trade restrictions by Latin American countries limited Japan's further gains.¹ The greatest change was effected in the two countries' trade with the Netherlands Indies. In 1929 the United States accounted for 11.8 percent of Netherlands Indies' imports, and Japan for 10.4 percent, while by 1934, these percentages had become, respectively, 6.0 and 31.6. In the Philippines, during the same period, American imports had increased from 62.9 to 65.4 percent of the total, and Japanese imports from 8.1 to 12.4 percent.

Severe competition was restricted to a few commodities, notably cotton cloth. Exports of American cotton cloth declined from an average of 540 million square yards in 1925-27 to 302 million square yards in 1933, 226 million in 1934, and 187 million in 1935. The declines in these latter years, despite the existence of other factors, were perhaps mainly the result of Japanese competition. Japan's exports of cotton cloth to the Philippines expanded rapidly after 1932, leading to decreased imports from the United States. On October 11, 1935 an agreement for voluntary limitation of Japan's exports of cotton cloth to the Philippines was concluded. The Japanese manufacturers agreed to limit exports to 45 million square meters annually for a two-year period beginning August 1, 1935, provided the Philippine authorities levied no increase in the tariff duty on

¹ For this issue, and on the subject in general, see William W. Lockwood, *Trade and Trade Rivalry Between the United States and Japan*, American Council, Institute of Pacific Relations, New York, 1936.

this commodity.² Although American producers were not wholly satisfied at the time, the agreement worked satisfactorily and was extended by later arrangements. In the sphere of external trade competition, as well as in the American domestic market, Japanese-American friction lessened materially after 1935-36.

² State Department, *Press Releases*, October 19, 1935, pp. 309-11.

CHAPTER X

THE PHILIPPINE COMMONWEALTH

During the years when Far Eastern stability was being rapidly undermined, fundamental changes were taking place in the relationship of the United States to the Philippine Islands. The strong movement for Philippine independence which developed in the United States after 1929 achieved its objectives in Congress at a time when the Manchurian dispute was at its height. In addition to those Congressional representatives who favored freedom for the Philippines on principle, the movement was supported by elements desiring to restrict immigration of Filipino laborers and imports of Philippine sugar, coconut oil and cordage. The original Hare-Hawes-Cutting Act was passed by Congress late in 1932, and then repassed over President Hoover's veto on January 17, 1933. It mustered little popular support, and public opinion in the country at large was apathetic. In October 1933, after a bitter political struggle in the Islands, the Philippine Legislature rejected the Act and passed a resolution in the following terms:

"That the Philippine Legislature, in its own name and in that of the Filipino people, inform the Congress of the United States that it declines to accept the said law in its present form because, in the opinion of the Legislature, among other reasons, the provisions of the law affecting trade relations between the United States and the Philippine Islands would seriously imperil the economic, social and political institutions of the country and might defeat its avowed purpose to secure independence to the Philippine Islands at the end of the transition period; because the immigration clause is objectionable and offensive to the Filipino people; because the powers of the High Commissioner are too indefinite; and finally because the military, naval and other reservations provided for in the said Act are inconsistent with true independence, violate national dignity and are subject to misunderstanding."¹

Early in 1934 a new Philippine independence bill was sub-

¹ Ninth Philippine Legislature, 3rd session, H. Ct. R., No. 61.

mitted to Congress. It embodied several changes, including provisions for surrender of American military reservations, for negotiations after independence as to disposition of the naval reservations, and for a trade conference one year prior to independence. Even in this form the Tydings-McDuffie Act, as approved March 24, 1934, did not essentially differ from the original law. When recommending the measure to Congress on March 2, 1934, President Roosevelt had declared: "I do not believe that further provisions of the original law need to be changed at this time. Where imperfections or inequalities exist, I am confident that both can be corrected after proper hearing and in fairness to both peoples."² The Philippine Legislature, in accepting the new proposals on May 1, 1934, specifically referred to this Presidential pledge, as affording "reasonable assurance of further hearing and due consideration of their views."³

In accordance with the terms of the Independence Act, the following steps were thereupon taken:

(1) In July 1934 a constitutional convention of elected delegates assembled at Manila. The convention completed the drafting of a constitution on February 8, 1935.

(2) President Roosevelt, on March 23, 1935, certified this constitution as conforming substantially with the provisions of the Independence Act.

(3) The constitution was ratified by a plebiscite of the Philippine people on May 14, 1935.

(4) First elections of the Commonwealth of the Philippines were held on September 17, 1935. By large majorities, Manuel L. Quezon was elected President and Sergio Osmena, Vice-President.

(5) On November 15, 1935 the new Commonwealth government was formally inaugurated at Manila.

The constitution of the Philippine Commonwealth provided for a unicameral National Assembly of not more than 120 members, elected triennially. The President and Vice-President are elected by direct popular vote for a term of six years—later amended to four years, with reelection permitted for one term.

² For text, see Document 20, p. 193.

³ *Compilation of Documents Relating to the Inauguration of the Government of the Commonwealth of the Philippines*, 74th Congress, 2d session, House Document No. 400, p. 1.

While broadly autonomous in internal affairs, this Commonwealth government is restricted by important reservations of authority to the United States.⁴ Pending attainment of independence on July 4, 1946, Philippine citizens owe, and Philippine officials subscribe, allegiance to the United States. The United States retains direct supervision and control of Philippine foreign affairs, fixes the limits of the Philippine public debt, exerts the power of judicial review over court decisions, may intervene to preserve the Commonwealth government, and may call Philippine military forces into the service of American armed forces maintained in the Islands. Legislative acts must be reported to Congress, and the President must approve acts affecting currency, coinage, imports, exports, and immigration. The authority of an American High Commissioner, who possesses broad but undefined powers, must be recognized; the Commonwealth may also be represented by a Resident Commissioner at Washington.

The various limitations on full sovereignty are applicable during the Commonwealth period; after July 4, 1946, the independent Republic of the Philippines will come into existence. Two provisions in the original Hare-Hawes-Cutting Act to which the Philippine authorities took especial objection were not changed by the Independence Act. These involved, first, the "indefinite" powers of the High Commissioner; and, second, the substitution for free immigration of an annual quota of fifty immigrants prior to independence, with complete exclusion thereafter. Concessions to the Philippine viewpoint were made in the sphere of defense. The American military and naval reservations in the Islands are retained during the Commonwealth period. When the Republic is inaugurated, however, the military reservations will be surrendered, while naval reservations and fueling stations will be retained pending the results of negotiations as to their disposition which must begin within two years after independence.

Within the framework of these provisions of the Independence Act, the Commonwealth regime operated effectively and on the whole successfully during the six-year period which preceded the Japanese occupation.⁵ The second election, in

⁴ Philippine Independence Act (Public. No. 127, 73d Cong.); for text of the Philippine Constitution, see *Compilation of Documents, etc.*, cited, pp. 5-22.

⁵ For excellent summary of war and prewar developments, see Catherine Porter, *Crisis in the Philippines*, Alfred A. Knopf, New York, 1942.

November 1941, returned Manuel L. Quezon and Sergio Osmena to office with an almost complete Nationalist party control of the Legislature. Their inauguration took place on December 30, when Japanese forces were already moving toward the main centers of the islands.⁶ On July 26, 1941 General Douglas MacArthur, adviser to the Commonwealth, had been given joint command of the Filipino and American forces with the rank of Lieutenant-General in the United States Army. The record made by these forces at Bataan and Corregidor, where they fought against great odds, was one of the high points of the early months of the Pacific War when the Japanese were sweeping everything before them.

The ability of the Philippines to establish and maintain an independent republic, which is now promised as soon as the war is ended, rests ultimately on two factors: successful adjustment of its economy to the loss of trade preference in the American market, and freedom from external aggression. It may be assumed that the latter objective will be effectively attained as a result of the security arrangements established in the postwar era. Decisions on Philippine-American economic relationships will therefore constitute the major factor in determining the stability of the Philippine Republic. The new approaches which must be made to this problem may best be appreciated in the light of the steps taken during the prewar years under the Independence Act.

Adequate measures of economic cooperation with the new republic constitute a responsibility which clearly rests upon the United States. The effects of the free trade regime, which has continuously existed between the United States and its Far Eastern dependency since 1909, cannot be substantially overcome within a brief period. During the 1928-37 decade, the Philippines sent between 75 and 87 percent of its total annual imports in the American market.⁷ In 1937 Philippine exports

⁶ Although the mandate of the first Legislature of the Commonwealth expired on December 30, 1941, the Commonwealth government has carried on in the United States under powers vested in President Quezon on December 16, 1941 "for the duration of the emergency." The constitutional terms of President Quezon and Vice-President Osmena expired in December 1943, at the end of the permitted eight-year period, but on November 13 President Roosevelt approved a Congressional bill extending the terms of the incumbents to the time when the Japanese forces are expelled from the Philippines.

⁷ Trade figures are taken from *Report of the Joint Preparatory Committee on Philippine Affairs*, Washington, 1938, Vol. I.

to the United States, valued at \$122,755,000, constituted 80 percent of its total exports; for 1936 the corresponding figures were \$107,534,000, and 79 percent. An abrupt severance of its ties with the American market would have a disastrous reaction on the Philippine economy. For the United States, which sent but 2.5 percent of its total 1936 exports to the Philippines, discontinuance of the preferential free-trade relationship is comparatively unimportant.

Detailed commodity trade figures bring out even more clearly the extent of Philippine economic dependence on the United States. Sugar alone accounted for \$57,611,000, or 47 percent, of total Philippine exports to the United States in 1937; and for \$61,927,000, or 58 percent, in 1936. The percentages of other leading Philippine exports taken by the United States in 1937 are as follows: abaca or manila hemp (32), coconut oil (98), copra (90), desiccated coconut (99), tobacco and products (66), timber and lumber (32), embroideries (99), copra cake and meal (49), canned pineapples (100), and cordage (35). Not all of these exports were dependent on trade preference. In the dependent class should be placed sugar, coconut oil, tobacco products, cordage, embroideries, and pearl buttons. On the other hand, copra, abaca, leaf tobacco and timber are sold at world prices, either in the United States or elsewhere, and large land acreages are devoted to crops of rice, corn and sweet potatoes which are consumed domestically. Even with these qualifications, the necessity of cushioning the shock of too abrupt a transition is obvious.

This necessity was ostensibly reckoned with in the trade provisions of the Independence Act. Four main planks are laid down in the economic sections of the act, as follows:

(1) During the Commonwealth period, the annual duty-free quota of sugar is fixed at 850,000 long tons, of coconut oil at 200,000 long tons, and of cordage at 3,000,000 pounds; excess exports of these commodities pay the full American duty.

(2) Beginning on November 15, 1940, the Philippine government is directed to levy an export tax of 5 percent of the American tariff rate on all Philippine commodities, including those subjected to quota limitations, entering the United States duty-free. Each year thereafter the export tax shall be increased by an additional 5 percent until it reaches 25 percent of the American tariff rates during the last year of the Commonwealth.

Revenues thus derived must be applied to the liquidation of the bonded indebtedness of the Philippine Islands, national and local.

(3) In 1946, after independence is attained, Philippine products are to be assessed the full United States customs duties.

(4) A Philippines-United States trade conference shall be held at least one year prior to independence for the purpose of formulating recommendations as to future trade relationships.

The essential elements in this program were wholly lacking in reciprocity. The Philippine government had no authority to curtail American imports into the Islands, nor to alter Philippine tariff rates except by consent of the President. Certain modifications subsequently enacted by Congress, moreover, tended to increase the inequity of the trade provisions of the Independence Act.⁸

Under these conditions, and particularly in view of the President's statement to the effect that such "imperfections and inequalities" as existed in the Independence Act should be corrected, steps to remove objections to the act were initiated even before the inauguration of the Commonwealth government. In 1934 several Senators, after visits to the Philippines, submitted reports to the Senate.⁹ At the end of 1934 an Interdepartmental Committee on Philippine Affairs, in which representatives of the Departments of State, War, Navy, Treasury, Agriculture and Commerce, and of the Tariff Commission, have participated, was organized to direct studies and coordinate administrative activities concerned with Philippine affairs. On April 10, 1935, on recommendation of the Interdepartmental Committee, President Roosevelt announced his intention of calling the joint trade conference provided for in the Independence Act as soon as practicable. Two years later, after

⁸ The quotas on sugar and cordage (this latter, however, at a higher figure) were changed from a "duty-free" to an "absolute" basis, and an American excise tax was levied on coconut oil imports. American excises are also levied on sugar and cigars coming from the Philippines. The proceeds of these excise taxes are remitted to the Philippine Treasury. On the other hand, it should be noted that while the Philippine Commonwealth levies excise taxes on certain American products, such as cigarettes, liquors, and kerosene, it retains the proceeds of such taxes for its own use.

⁹ Including a report by Senator Carl Hayden; also two reports from a special committee, consisting of Senators Tydings, McKellar, McAdoo and Gibson, appointed on June 16, 1934 to investigate the "imperfections or inequalities" of the Independence Act.

trade studies had been prepared both by the United States Tariff Commission and by a Committee in the Philippines, the Joint Preparatory Committee on Philippine Affairs was established to complete these studies and recommend a program for the adjustment of the Philippine national economy. This Committee, under the chairmanship of Mr. J. V. A. MacMurray, was composed of six Philippine and six American members. As the study of the Joint Preparatory Committee progressed, the need for extending the period of Philippine trade adjustment to 1960 became apparent. This proposal was approved in an exchange of telegrams between President Roosevelt and President Quezon in March 1938, the substance of which was as follows:

"On March 22, President Roosevelt telegraphed to President Quezon an expression of his feeling that the work of the [Joint Preparatory] Committee should be pressed to an early and mutually satisfactory conclusion. The President recalled that he had already made publicly known his own readiness, with a view to affording the Philippines ample opportunity to adjust their economy to the non-preferential status of political independence, to approve of a general plan by which the elimination of trade preferences would proceed by uniform annual accretions of 5 percent, from 25 percent at the date of independence; but he indicated that, except for certain alleviations which he understood the Committee would be prepared to recommend, the export tax provisions of the Independence Act would remain substantially intact as constituting a necessary part of the program of Philippine economic adjustment. The President furthermore suggested that President Quezon join with him in making public their common desire to have the Committee proceed along these lines with a view to reaching an early agreement upon recommendations which would have the whole-hearted support of both sides.

"In a telegram dated March 25, President Quezon replied that he was sending to Filipino members of the Joint Preparatory Committee a radiogram to the effect that he had, after considering all the attending circumstances, come to the definite conclusion that the best interests of the Philippines would be promoted by their concurring with the American members of the Committee in the plan outlined in the President's telegram."¹⁰

¹⁰ State Department, *Press Releases*, April 9, 1938, pp. 464-5.

Following this exchange of telegrams between President Roosevelt and President Quezon, the Joint Preparatory Committee rapidly completed the preparation of its report, which was published on May 20, 1938. It found that, under the trade provisions of the Independence Act, "a number of important enterprises in the Philippines will be forced to liquidate much more rapidly than new enterprises can probably be developed to replace them."¹¹ Exports of coconut oil, cigars and other tobacco products, embroideries, and pearl buttons, according to "reasonably certain" expectations, would be sharply curtailed or cut off entirely after 1946, while substantial reductions might be caused before then by the export taxes. In the case of sugar, the export taxes would "serve primarily to lessen the profitableness, but not the volume" of exports during the Commonwealth period; after 1946, when the full United States tariff duties became applicable, the position of the sugar industry was "largely indeterminate," although its future, on the basis of current prices, "does not appear promising." Various other Philippine products would probably be less seriously affected, provided no changes were made in the American tariff schedule then prevailing.

In line with these judgments, the Committee recommended that "trade preferences should not be terminated on July 4, 1946, but should, by a process of gradual elimination, be terminated at the end of the year 1960."¹² The Committee suggested retention of the Independence Act provision for graduated export taxes rising to 25 percent in 1946 on Philippine products entering the United States. After 1946, however, instead of an application of full tariff rates, the Committee recommended that the same progression of 5 percent annual increases be continued in the form of import taxes levied both on Philippine products entering the United States and American products entering the Philippines. Thus, beginning with 25 percent of prevailing American and Philippine tariff rates in 1946, these duties would be mutually raised by 5 percent each year until January 1, 1961, when full duties would be assessed by both countries.

Under the terms of this recommendation, progressive Philippine export taxes would be maintained until 1946 on duty-free

¹¹ *Joint Report, op. cit.*, Vol. I, p. 22.

¹² For the Committee's recommendations, see *ibid.*, Vol. I, pp. 35-7; 161-73.

quotas for sugar (850,000 long tons) and cordage (6,000,000 pounds after May 1, 1941). After 1946 the quotas on these products would be retained, subject to graduated United States import duties, beginning at 25 percent and rising 5 percent annually until 1961. The Committee also recommended special treatment for cigars, certain tobacco products, coconut oil, and pearl buttons—the commodities which would have been most seriously affected by the export taxes. For these products the Committee suggested a series of annually declining duty-free quotas, instead of progressively increasing export taxes, for the 1940-6 period; and similar quotas, declining in still greater proportion, for the period from 1946 to 1960. The Committee also recommended that a Philippine-American commercial treaty be “negotiated at the earliest practicable date, in order that the future trade relationship between the two countries may be definitely determined well in advance of independence.”¹³

The Committee expressed the opinion that, if the trade programs thus recommended were carried out, the Philippines would be afforded “a reasonable opportunity to adjust its economy to a non-preferential basis.”¹⁴ In order to attain this objective, however, the Philippine government would have to adopt and carry through a long-range program of economic readjustment. Extensive suggestions for such a program, including projects dealing with technical training, agriculture, manufacturing, transportation, tariff schedules (virtually unchanged for 30 years), public revenue systems, and health conditions, were contained in the Committee’s report.¹⁵ This program should be “designed as an entirety” and therefore should be formulated by an organization of trained technicians—adequately staffed, completely non-administrative in character, and on at least a semi-permanent basis. Finally, the Committee suggested that the proceeds of United States excise taxes on Philippine sugar and coconut products should be set aside for the financing of the economic adjustment program.

In order to effectuate the Committee’s recommendations, certain amendments to the Independence Act had to be passed

¹³ *Ibid.*, p. 173.

¹⁴ *Ibid.*, p. 127.

¹⁵ *Ibid.*, pp. 127-49.

by Congress.¹⁶ The items in the Joint Committee's suggested program for trade revision were substantially incorporated in a bill introduced by Senator Tydings which was referred to the Insular and Territories Committee of the Senate.¹⁷ Opposition by certain Committee members, notably on the issue of deferring application of full tariffs until 1961, threatened for a time to block consideration of the bill. A compromise "minimum," which the Administration worked out in conference with the Committee leaders, was eventually passed by the Senate on May 31, 1939. The bill prepared by the House of Representatives, however, owing to the latter's priority rights in the initiation of revenue legislation, became the measure finally approved by Congress.¹⁸ The agricultural lobbies centered their attention on this House bill and succeeded in effecting a number of modifications which suited their interests. Passed by Congress on July 31 and signed by the President on August 7, the measure entered into effect after approval by the Philippine Commonwealth.

The Congressional amendments to the Independence Act thus adopted depart widely from the liberal recommendations of the Joint Preparatory Committee. Its basic contention that the period for adjustment of the Philippine economy should be extended fifteen years to 1961 was set aside. The new amendments, which are limited to the period up to July 3, 1946, ignore the Joint Committee's proposals for tariff increases on a progressive scale after that date. Full American tariff rates would thus be applied to Philippine exports to the United States after July 1946, or when independence is achieved.

Most of the other recommendations of the Joint Committee, however, were incorporated in the amendments passed by Congress. The annually declining duty-free quotas suggested by the Committee for several Philippine export products were made effective, but only for the 1940-6 period. The original quotas, effective beginning January 1, 1940, are set for these products at the following levels: cigars (200,000,000), scrap tobacco (4,500,000 pounds), coconut oil (200,000 long tons), and pearl or shell buttons (850,000 gross). Each year thereafter, in lieu of

¹⁶ For details of amendments passed by the regular session of Congress in 1939, see Frederick T. Merrill, "The Outlook for Philippine Independence," *Foreign Policy Reports*, September 15, 1939, pp. 156-8.

¹⁷ S. 1028, 76th Congress, 1st Session.

¹⁸ H. R. 7096, 76th Congress, 1st Session.

the export tax, these quotas will be reduced by 5 percent; full American tariffs will be levied after July 1946 without benefit of duty-free quotas.¹⁹ Copra and manila (abaca) fiber were relieved from imposition of the progressive export tax. In computing the export tax on Philippine embroideries, an allowance is to be deducted from the taxable value equal to the cost, insurance and freight of any cloth of American origin used in the process of production. On all other Philippine products, including sugar, the progressive export tax, increasing at the rate of 5 percent annually, shall be levied between January 1, 1941 and July 3, 1946.²⁰ For this period the annual quota of Philippine sugar, admitted to the United States free of duty, was fixed at 850,000 long tons, of which not more than 50,000 long tons may be refined sugar. The Philippine cordage quota was continued at 6 million pounds annually until July 3, 1946.

These amendments to the Independence Act were designed to stabilize the Philippine economic situation until July 1946. Imposition of full American duties after that date, however, would have exerted serious effects on the Philippine economy. The cigar, scrap tobacco, embroidery, and pearl button industries could hardly be expected to survive. In the case of sugar, only the most efficient Philippine producers would be able to compete successfully in a free market. A partial continuance, at least, of tariff and quota preferences appeared necessary in order to maintain the Philippine sugar industry at its prewar level. The coconut oil industry, second in importance to sugar in Philippine export trade, was threatened by the growth of American excise and intrastate protective taxes, vigorously supported by American dairy and farm groups.²¹ These facts were all clearly apparent during the years which preceded the Japanese occupation. They related to a number of key products in the islands' economy, essential if prosperity was to be maintained while economic readjustments were taking place.

New economic problems of grave dimensions will arise when the Philippines are reoccupied. It may be doubted whether the Japanese efforts to develop cotton-growing or to expand subsistence food crops will have greatly altered the prewar econ-

¹⁹ H. R. 7096, Sec. 6 (b) (3).

²⁰ For the final year, January 1 to July 3, 1945, the rate will remain 25 percent.

²¹ For additional details on the outlook for Philippine sugar and coconut oil, see Frederick T. Merrill, "The Outlook for Philippine Independence," cited pp. 158-9.

omy. The deleterious effects of the Japanese occupation will be manifold: in decline of staple production and scattering of workers; in currency depreciation; in the destruction incident to the military operations, not excluding that caused by Japanese measures to crush the extensive guerrilla operations. Whether UNRRA or the American government covers the immediate costs of relief and rehabilitation, even larger sums will be needed to restore production to prewar levels and regain the markets which existed in 1941. In order to achieve this result, it now seems probable that access to the American market will continue to be a necessity for the major Philippine products during a lengthy transition period. Full recovery from the economic setbacks occasioned by the war is an indispensable prerequisite to the political stability and progress of the Philippine Republic. Orientation of the Philippine economy toward a completely independent status will have to occur gradually during the period when the broad security arrangements for the Pacific are being settled. If the United States is to retain unilateral responsibility for the protection of the Philippines, American naval and air bases will have to be reestablished on the islands. It would be preferable that such bases become internationalized units of the general Pacific security system, within which the Philippine Republic would take its place. This issue is not peculiar to the Philippines, but must be handled as part of the wider decision affecting strategic bases along the coasts of Asia and in the islands of the Pacific.

CHAPTER XI

THE SINO-JAPANESE WAR, 1937-1939

A deceptive calm prevailed in the Far East during the early months of 1937. Four years had passed since the first phase of the Sino-Japanese conflict had culminated on the one hand in the League Assembly's adoption of its Manchurian report, and on the other in the Tangku Truce. During these years the political aspects of the continued Japanese penetration of China aroused relatively slight interest in the West. The flurries created by the Amau statement and the "autonomy movement" in North China were of brief duration. In the United States, equal or greater attention was devoted to naval issues, Japanese trade competition, and the establishment of the Philippine Commonwealth. Few observers, in the spring of 1937, would have dared to predict that the third and most ominous phase of the contemporary Far Eastern crisis was imminent.

Two months before the Lukouchiao incident of July 7, 1937, the American Congress had passed a revised and strengthened Neutrality Act. This Act, as well as its predecessors, constituted evidence of the strong isolationist sentiment which had developed in the United States after 1935. At the outset of the Manchurian dispute, the American people had largely supported the measures taken by the State Department in cooperation with the League of Nations. Faith in the possibilities of international action to curb aggression was still active. Such feelings reached their climax during the Shanghai hostilities early in 1932, when American opinion was perhaps sufficiently aroused to have supported the application of sanctions against Japan. A year elapsed, however, before the Lytton Commission's report was approved by the League Assembly; in the interim, public feeling in the United States had markedly subsided, and there was little or no pressure to secure enforcement of the League's decision. Early hearings of the Senate Munitions Investigation Committee, published during 1934, led to formation of a strong "neutrality bloc" in Congress.

When the Ethiopian dispute arose in 1935, and it was seen

that the League of Nations had actually embarked on a program of sanctions against Italy, renewed demand for active American assistance to the League's policy was expressed in the United States. A *Fortune* survey during this period indicated that a majority of the American people was prepared to support economic sanctions against an aggressor.¹ The Hoare-Laval fiasco, and the eventual failure of the half-hearted sanctions imposed against Italy by the League, went far toward disillusioning the American public. Fear lest the United States become involved in war was intensified by the Ethiopian dispute, and on August 31, 1935 neutrality advocates in Congress secured passage of the first Neutrality Act. By joint resolution, Congress provided for an embargo on the export of implements of war to belligerents "upon the outbreak or during the progress of war," and gave the President discretion to prohibit Americans from traveling on belligerent vessels except at their own risk.² An extension of this act, effected February 9, 1936, reduced the President's discretion relative to imposition of the arms embargo, added an embargo on loans to belligerents, and exempted American republics from its provisions. Finally, on May 1, 1937, Congress passed a more elaborate act which made the arms embargo applicable whenever the President found that "a state of war" existed between foreign states, and whenever "a state of civil strife" likely to endanger the peace of the United States existed in a foreign state. In addition, the President was given discretionary authority to place other commodities on a "cash-and-carry" basis, thus limiting transport of such commodities to foreign vessels after ownership had been transferred to the belligerent state or its representatives.³

The successive implementations of this neutrality legislation reflected a strong current of isolationist feeling among the American people, taking the form of an attempt to insulate the United States from the growing political unsettlement in Europe.⁴ Congressional sponsors of the legislation had made little

¹ Cited by Miriam Farley, *American Far Eastern Policy and the Sino-Japanese War*, American Council, Institute of Pacific Relations, 1938, p. 52.

² For detailed analysis, see R. L. Buell, "The New American Neutrality," *Foreign Policy Reports*, January 15, 1936.

³ For text of resolution, and analysis of its provisions, see R. L. Buell, "The Neutrality Act of 1937," *Foreign Policy Reports*, October 1, 1937.

⁴ Early polls by the Gallup Institute, issued on November 17, 1935, revealed the general hold neutrality sentiment had already acquired. One showed 71 percent opposing, and 29 percent favoring, joint action with other nations

real effort to appraise possible effects in the Far East, where the activities of Japan, an industrialized power controlling the seas but in need of American materials, ran counter to the interests, policy and sentiment of the United States. The Lukouchiao incident again brought the United States face to face with the Far Eastern issue, which had virtually lain dormant since 1933. After the spread of Sino-Japanese hostilities from North China to Shanghai, the problem of determining the American official attitude toward the dispute became pressing. In the early stages of the conflict, decisions revolved mainly about the methods to be adopted for protection of American nationals in China and the desirability of invoking the provisions of the Neutrality Act. Underlying these immediate issues was the basic question of whether the United States could "stay out of war" by pursuing the isolationist policy implicit in the neutrality legislation or by cooperating where feasible with other nations to halt aggression and prevent the outbreak of general war. This basic question became steadily more acute with the progress of Sino-Japanese hostilities and the increasing threat of war in Europe. Through 1938 and 1939 it was debated by an ever larger proportion of the American public—and the course of this debate was reflected in official American policy toward the Far Eastern conflict.

From Lukouchiao to the Panay Incident

During the sporadic clashes near Peiping in July 1937, Secretary Hull sought cautiously to define the general principles of the American position, while making mild overtures toward international support. As early as July 12 the State Department informed the Japanese Ambassador and the Counselor of the Chinese Embassy that the American government would regard "an armed conflict" as "a great blow to the cause of peace and world progress."⁵ Four days later the Secretary of State issued a carefully formulated declaration of American policy. While not referring specifically to either China or Japan, it was obviously intended as a warning to the latter. The American

to enforce peace; another showed 47 percent favoring prohibition of all trade with belligerents, 37 percent willing to sell war materials only, and 16 percent desiring no restrictions on trade.

⁵ State Department, *Press Releases*, July 17, 1937, p. 31.

government, in this statement of July 16, expressed its adherence to the following set of international principles:

"This country constantly and consistently advocates maintenance of peace. We advocate national and international self-restraint. We advocate abstinence by all nations from use of force in pursuit of policy and from interference in the internal affairs of other nations. We advocate adjustment of problems in international relations by processes of peaceful negotiation and agreement. We advocate faithful observance of international agreements. Upholding the principle of the sanctity of treaties, we believe in modification of provisions of treaties, when need therefor arises, by orderly processes carried out in a spirit of mutual helpfulness and accommodation. We believe in respect by all nations for the rights of others and performance by all nations of established obligations. We stand for revitalizing and strengthening of international law. We advocate steps toward promotion of economic security and stability the world over. We advocate lowering or removing excessive barriers in international trade. We seek effective equality of commercial opportunity and we urge upon all nations application of the principle of equality of treatment. We believe in limitation and reduction of armament. Realizing the necessity for maintaining armed forces adequate for national security, we are prepared to reduce or to increase our own armed forces in proportion to reductions or increases made by other countries. We avoid entering into alliances or entangling commitments but we believe in cooperative effort by peaceful and practicable means in support of the principles hereinbefore stated."⁶

The preamble to this declaration of principles, containing the assertion that "any situation in which armed hostilities are in progress or are threatened" may seriously affect the rights and interests of all nations, might have been construed as an oblique reference to neutrality sentiment at home as well as to Japan's actions. The text of the statement was communicated to other governments; to this extent at least, Secretary Hull's effort was directed toward marshaling world opinion against the threat of war in the Orient. Replies were received from more than sixty nations. Except for Portugal, which vigorously attacked an attempt to solve grave problems by "vague formulae" in a lengthy communication,⁷ nearly all states expressed

⁶ *Ibid.*, p. 41-2.

⁷ State Department, *Press Releases*, September 18, 1937, pp. 229-34.

approval. The Japanese government, while subscribing to the general principles of Secretary Hull's statement, made a typical reservation by declaring that the objectives could "only be attained, in their application to the Far Eastern situation, by a full recognition and practical consideration of the actual particular circumstances of that region."⁸

Through August and most of September, sharp controversy was waged in the United States over two concrete issues: protection of American citizens in China, and invocation of the Neutrality Act. Several peace organizations and a number of isolationist Congressmen clamored for withdrawal of American civilians and armed forces from China.⁹ In addition to the so-called Fifteenth Infantry (some 700 men) at Tientsin, the United States maintained a Marine Guard of 500 at Peiping and a force of 1,000 marines at Shanghai. On August 17, when announcement was made that 1,200 additional marines were being sent from San Diego to Shanghai, Secretary Hull declared that the State Department was pursuing a "middle-of-the-road" policy, neither abandoning American interests and nationals nor supporting them by excessively large military-naval forces.¹⁰ The deaths of three Americans from bombs dropped on the Shanghai Settlement by Chinese fliers, and the ensuing attack on the *President Hoover* by a Chinese airman, led to reinforcement of previous official advices that Americans should withdraw from threatened areas. On September 3rd urgent warnings were given to American citizens to leave Shanghai on waiting naval vessels. Two days later, at an informal press conference, President Roosevelt declared that Americans who chose to remain after repeated warnings did so at their own risk.¹¹ This statement called forth a flood of protests, including stiff cablegrams from the American Chambers of Commerce at Shanghai and Tientsin. Nevertheless, a considerable evacuation of Americans occurred, mainly from Shanghai. More than 3,000 Americans had been evacuated by September 25 and over 4,500 by October 29, leaving approximately 5,800 in China.¹² Opinion

⁸ *Ibid.*, August 21, 1937, p. 130.

⁹ For statements at this time by Congressional neutrality advocates, see Whitney H. Shepardson and William O. Scroggs, *The United States in World Affairs, 1937*, Harpers, New York, 1938, pp. 43-52.

¹⁰ *New York Times*, August 18, 1937.

¹¹ *New York Times*, September 6, 1937.

¹² State Department, *Press Releases*, October 2, 1937, p. 267; November 6, p. 351.

in the United States at this time, while apparently favoring withdrawal of civilians, was divided on the issue of protection; a poll of the Gallup Institute, published on September 5, 1937, showed 54 percent favoring withdrawal of American armed forces from China, with 46 percent opposed.

An equally severe struggle raged over the propriety of invoking the Neutrality Act. On July 29 Senator Pittman, chairman of the Senate Foreign Relations Committee, issued a formal statement maintaining that every armed conflict was not a state of war, and arguing that the President's influence in protecting American citizens and bringing about a cessation of the conflict would be lessened by application of the neutrality statute. At this stage, editorial comment and popular opinion seemed to favor Senator Pittman's viewpoint.¹³ After the initial events at Shanghai, attitude and opinion markedly changed. Senators Nye and Clark declared that the law should be applied, even though it might give Japan an advantage over China.¹⁴ Twenty-four members of the House issued a joint statement urging that Congress remain in session long enough to take "every possible action to protect this country against becoming involved in the Far Eastern war."¹⁵ Telegrams and letters, resolutions by peace societies, and open letters to the President subjected Congress and the Administration to heavy pressure.

Two spokesmen for the Administration, Senator Pittman and Secretary Hull, replied to the criticism on August 23. Speaking over the radio, Senator Pittman stressed the fact that neither China nor Japan had declared war, reiterated his contention that protection of American citizens would be rendered more difficult if the United States recognized a state of war by invoking the Neutrality Act, and stigmatized the clamor for withdrawal of American armed forces from the Far East as "cowardly and unpatriotic."¹⁶ Secretary Hull stated that the American government was facilitating "an orderly and safe removal of American citizens" from dangerous areas, while continuing "to afford its nationals appropriate protection." The government

¹³ Shepardson and Scroggs, *op. cit.*, pp. 200-1.

¹⁴ *New York Times*, August 18, 1937. See also Senator Nye's statement that the issue of the partiality or impartiality of the law was irrelevant; its sole purpose "was to keep the country out of war." *Congressional Record*, 75th Cong., 1st Session, p. 12371.

¹⁵ *New York Times*, August 20, 1937.

¹⁶ *Ibid.*, August 24, 1937.

believed neither in "political alliances" nor in "extreme isolation"; it was "participating constantly in consultation with interested governments directed toward peaceful adjustment"; and was giving "solicitous attention to every phase of the Far Eastern situation" in an effort to make effective "the policies—especially the policy of peace—in which this country believes and to which it is committed."¹⁷ While Secretary Hull's exposition of policy constituted an implied answer to critics of the State Department, his studied avoidance of any mention of the Neutrality Act itself—or of its probable application in the near future—was even more revelatory of the government's attitude toward the usefulness of that law in the Far Eastern conflict.

Strong public pressure for enforcement of the Neutrality Act continued during the rest of August and into September. Fresh fuel was added to the controversy on August 25, when the Japanese naval authorities declared a blockade of part of China's coastal area. At first some doubt existed as to whether the blockade applied to foreign as well as Chinese vessels: if the former, Japan was in effect claiming belligerent rights, and thus presenting a new argument to advocates of the need for invoking the Neutrality Act. This issue, moreover, arose at a moment when isolationist groups were spotlighting the passage of the *Wichita*, a government-owned vessel carrying 19 airplanes for China, from the east to the west coasts. Secretary Hull had already notified China and Japan that the American government reserved all rights on behalf of its nationals for damages growing out of the operations of their military forces. On September 10, however, he warned of dangers to shipping along the China coast, and on September 14 the President forbade the carrying of munitions to China or Japan on government vessels, warned private vessels they carried arms "at their own risk," held up application of the Neutrality Act, and declared policy to be on "a 24 hours basis."¹⁸

As a sequel to this announcement, the *Wichita* unloaded the planes at San Pedro and proceeded to Manila and Hongkong with another cargo. The Chinese government registered a vain protest on September 17; after long delay, the planes were rerouted to China by way of Europe. Only four government-owned vessels were engaged in the Far Eastern trade, but the

¹⁷ State Department, *Press Releases*, August 28, 1937, pp. 166-7.

¹⁸ For text, see Document 1, p. 165.

effects of the warning to private vessels were more significant, since they made "it difficult for the Chinese government to secure tonnage for shipment of arms across the Pacific."¹⁹ As American shippers engaged in the carrying trade to Japan ran virtually no risk, the warning by the President applied unequally to the two belligerents. On the other hand, the President's action—which partially invoked one provision of the Neutrality Act—tended to pull the teeth of the isolationist opposition on a strategic issue. At this juncture, moreover, Japan's resort to unrestricted bombing stirred and angered foreign opinion, both in the United States and Europe; the demand for application of the neutrality statute lessened, and thereafter did not again reach the same proportions.

Extensive air raids on Nanking and other Chinese cities, occurring toward the end of September, caused widespread loss of civilian life and endangered the members of foreign embassies. Preliminary warnings from the Japanese naval commander urged foreign officials and residents to move up-river from Nanking "into areas of greater safety" before noon of September 21. The first raids on Nanking were actually made on September 19, and were repeated on the 22nd, 25th and 28th; during this period large civilian casualties, running into the thousands, were also reported from Canton and Hankow as the result of similar bombings. On September 22, after previous representations through diplomatic channels, Secretary Hull addressed a sharp protest to Japan.²⁰

Strong protests were also made by Great Britain and France; Germany and Italy made representations at Tokyo; and the Soviet Union served notice that it would hold Japan responsible for any damages to its Embassy at Nanking. At Geneva, on September 28, the League Assembly unanimously approved a resolution expressing its "profound distress at the loss of life caused to innocent civilians, including great numbers of women and children," and declared that "no excuse can be made for such acts, which have aroused horror and indignation throughout the world."²¹ Foreign Minister Hirota's early informal replies to these protests stated that no attacks would be made

¹⁹ Paul B. Taylor, "America's Role in the Far Eastern Conflict," *Foreign Policy Reports*, February 15, 1938, p. 281.

²⁰ For text, see Document 2, p. 165.

²¹ League of Nations, *Official Journal*, Special Supplement, No. 177.

on non-combatants, and indicated that the warnings had been motivated by a desire to ensure the safety of foreigners. His formal reply of September 29 to the American note, however, bluntly rejected every point raised by the American government and strictly defended the Japanese actions. The bombing of Nanking, the reply asserted, was "a necessary and unavoidable measure for the attainment of the military objectives of the Japanese forces." The "rights and interests of third countries and the safety of the lives and property of the nationals thereof" would be respected "as far as possible," but injury "might be unavoidable notwithstanding the greatest precautions which may be taken by the Japanese forces." The Japanese government adhered to its previously stated position of recognizing no responsibility "with regard to damages sustained by nationals of third countries as a result of the present hostilities in China."²²

One week later, President Roosevelt delivered an address at Chicago which vigorously attacked the isolationist position and strongly affirmed the necessity of international action in restraint of aggression and advocated "quarantine" as a preventive.²³ This vigorous statement was made on October 5, the day on which the League's Far Eastern Advisory Committee, with a non-voting American delegate participating, adopted two reports and laid them before the League Assembly.²⁴ In its first report the Committee concluded that Japan's military operations were "out of all proportion to the incident that occasioned the conflict," that neither "existing legal instruments" nor "the right of self-defense" constituted adequate justification for these operations, and that they contravened Japan's obligations under the Nine-Power Treaty and the Pact of Paris. The Committee's second report suggested that the states most interested in the Far East should be brought together "to seek a method of putting an end to the conflict by agreement." The Assembly should therefore request League members, who were signatories of the Nine-Power Treaty, to initiate consultation provided for in that treaty and invite other interested states to associate with them in their task. On October 6 the Assembly adopted these reports, with but two states—Siam and Poland—abstaining.

²² State Department, *Press Releases*, October 2, 1937, pp. 268-9.

²³ For textual excerpts, see Document 3, p. 167.

²⁴ League of Nations, *Official Journal*, Special Supplement, No. 177, pp. 37-44.

At Washington, on the same day, Secretary Hull aligned the United States with these decisions of the League. After briefly recapitulating the American position toward the Sino-Japanese conflict, he concluded with these words:

"In the light of the unfolding developments in the Far East, the government of the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles which should govern the relationships between nations and is contrary to the provisions of the Nine-Power Treaty of February 6, 1922, regarding principles and policies to be followed in matters concerning China, and to those of the Kellogg-Briand Pact of August 27, 1928. Thus the conclusions of this Government with respect to the foregoing are in general accord with those of the Assembly of the League of Nations."²⁵

The immediate reaction of the American public to President Roosevelt's speech and the League Assembly's initiative was divided. Advocates of international measures to restrain aggression were heartened by these events. The boycott of Japanese goods received a strong impetus in the United States, and was taken up in other countries. A closely reasoned statement by Mr. Stimson in support of an embargo on American economic supplies to Japan, appearing in the *New York Times* for October 7, undoubtedly expressed the feeling of many Americans. On the other hand, the word "quarantine" seems to have generated uneasiness and fear among wide groups of the population that shunned anything smacking of "involvement" by the United States in the Far Eastern conflict. Congress was not in session, but appeals from constituents received by Congressmen evidently reflected a strong negative reaction to adoption of positive measures against Japan.²⁶ The Philadelphia *Inquirer* conducted a telegraphic poll of Congressional representatives; the majority against common action with the League along sanctionist lines was more than two to one.²⁷

As preparations for the meeting to be held under the Nine-Power Treaty went forward, the Administration took pains to emphasize that the purpose of the conference was to seek a solution "by agreement."²⁸ The American delegate to the

²⁵ For text, see Document 4, p. 168.

²⁶ Shepardson and Scroggs, cited, p. 222.

²⁷ *New York Times*, October 9, 1937.

²⁸ This statement was made by President Roosevelt in a radio talk on October 12, 1937.

Brussels Conference was Mr. Norman Davis, assisted by Dr. Stanley K. Hornbeck and Mr. Pierrepont Moffat as technical advisers. Before the delegation sailed, statements both at Washington and London indicated that there was small likelihood of adoption of a sanctionist program at Brussels. The conference assembled on November 3, with nineteen countries represented. Ignoring a plea for firm action from M. Litvinov, the Soviet delegate, the conference restricted itself to efforts at mediation and conciliation. When Japan refused to accept a twice-repeated invitation to attend the conference, the work of the delegates was brought to a standstill. On November 24, after issuing a declaration of principles and a report of its activities, the conference adjourned—although not without an assertion of its intention to reconvene when the possibility of effective action should emerge.²⁹ In the critical years which followed, however, it never met again.

On December 12, less than three weeks later, the American gunboat *Panay* was bombed and sunk by Japanese airplanes at a point some twenty miles above Nanking on the Yangtze River. Two members of the crew lost their lives, several were severely wounded and an Italian correspondent on board the *Panay* later succumbed to his wounds; a captain of one of the three Standard Oil Company vessels, which were attacked at the same time, also died. Several British ships were bombed and fired on by shore batteries on the same day. At Tokyo Foreign Minister Hirota immediately tendered the profound apologies of his government, and informed the American Ambassador that the Japanese naval commander at Shanghai had accepted full responsibility. On the day following the incident, Mr. Roosevelt sent a memorandum to Secretary Hull with instructions to inform the Japanese Ambassador that the President "is deeply shocked and concerned by the news of indiscriminate bombing of American and other non-Chinese vessels on the Yangtze, and that he requests that the Emperor be so advised."³⁰ In the typewritten text of this memorandum, the word "requests" was written in by the President's hand over the original word "suggests." A copy of the memorandum, thus revised, was handed to the press.

²⁹ For speeches and reports of the conference, see *The Conference of Brussels, November 3-24, 1937*. Washington, D. C., 1938; for text of declaration, see Document 5, p. 169.

³⁰ State Department, *Press Releases*, December 18, 1937, p. 447; for text, see Document 7, p. 172.

Ambassador Grew submitted a formal note at Tokyo on December 14, asserting that previous violations of American rights by Japanese armed forces had occurred despite precautions officially pledged by the Japanese authorities; in the present case, Japan's armed forces had "taken American life" and "destroyed American property both public and private." The American government, therefore, "requests and expects" formal expression of regret, complete indemnification, and an assurance of "definite and specific steps" to ensure American life and property against attack by Japanese armed forces.³¹ On the same day, in answer to previous representations, Foreign Minister Hirota had transmitted a note through Ambassador Grew which expressed profound regrets and "sincere apologies" for the incident, "entirely due to a mistake," and promised indemnification for losses and appropriate punishment of those responsible.³² As fuller information became available at Washington, showing conclusively that the attack was not accidental, the American authorities made further representations at Tokyo. A second Japanese note, dated December 24, referred to the previous apology and pledge of indemnification, noted that the Japanese air force commander had been recalled and other officers responsible duly punished, and outlined steps being taken to ensure the safety of American interests and nationals; the incident, however, was still termed a "mistake."³³ On December 25 Secretary Hull accepted this communication as "responsive" to the request made by the American note of December 14, but expressed reliance on the findings of the American naval court of inquiry as to "the origins, causes and circumstances of the incident."³⁴

On March 21, 1938 the United States Government presented a claim for \$2,214,007.36 in property losses and personal injuries caused by the *Panay* incident. This amount included "no item of punitive damages." One month later, on April 22, after a request for more detailed itemization of the claim, had been satisfied, the Japanese government rendered full payment of the amount demanded.³⁵

³¹ *Ibid.*, pp. 448-9; for text, see Document 6, p. 171.

³² *Ibid.*, pp. 450-1.

³³ State Department, *Press Releases*, December 25, 1937, pp. 497-8.

³⁴ *Ibid.*, pp. 498-9; also pp. 499-50 for official American reports and naval court inquiry findings on the facts of the incident; see Document 9, p. 174.

³⁵ State Department, *Press Releases*, March 26, 1938, p. 410; April 23, p. 504; see Document 13, p. 182.

As 1937 ended, the American public was already recovering from the excitement engendered by the *Panay* incident. Considering the type of provocation afforded by this affair, the apparent reaction of popular opinion was unusually mild. Support for the steps taken by the Administration undoubtedly existed, but there was little inclination to press on toward a broader intervention in the Far Eastern conflict. On the contrary, there were continued expressions, both in and out of Congress, of a desire to have American nationals and military-naval contingents withdrawn from China. Early in January 1938 a poll by the Gallup Institute showed 70 percent favoring such withdrawal, whereas only 54 percent had taken the same stand in September. Senate Resolution No. 210 of January 5, 1938, requesting information as to the numbers of American nationals and armed forces in China, was answered by Secretary Hull on January 8; an earlier letter by Senator Smathers was answered on December 18.³⁶ In the latter case, Secretary Hull repeated previous assurances that the government was seeking to provide safe means for departure of American nationals from China; the American military and naval forces, however, were still required to assure protection of Americans, and the present did "not seem an opportune moment" for effecting their withdrawal. Partial concessions, nevertheless, were made on January 31, 1938, with announcement that the 1,200 marine reinforcements were returning from Shanghai; while on February 4, it was announced that the Fifteenth Infantry was being withdrawn from Tientsin; at the same time, two of the four companies of Marine Guards were transferred from Peiping to Tientsin.³⁷

Marking Time: From Panay to Munich

During 1937 a rapid succession of diplomatic highlights had centered on the Sino-Japanese conflict, with the United States playing a central role. The tempo of events slowed down considerably in the new year. Having successfully disposed of the *Panay* incident, the Washington authorities seemed content for the moment to adopt an attitude of watchful waiting. This position was rendered the more necessary by the outcome of the

³⁶ For texts, see Documents 8 and 10, pp. 173-4; 175-81.

³⁷ State Department, *Press Releases*, February 5, 1938, p. 199-200; February 19, p. 266.

Brussels Conference, Anglo-French preoccupation with developments in Europe, and the growing unlikelihood of a speedy peace settlement in the Far East. The narrow defeat of the Ludlow war referendum amendment, voted down in the House by 209 to 188 on January 10, 1938, also predisposed the State Department to move cautiously at this time. As the fighting in China moved inland, moreover, with the larger campaigns occurring around Hsuehchow and along the middle Yangtze, there was less immediate danger to a concentrated foreign population such as that located in Shanghai.

Issues of a restricted nature continued to arise over Japanese violations of American business and missionary interests in China. On January 17, 1938, the United States Ambassador at Tokyo presented a note of protest against illegal entry of American property and removal of "goods and employees" by Japanese military forces at Nanking, Hangchow and other places. In these cases, it was charged, Japanese soldiers had disregarded notices posted on the property and "in numerous instances torn down, burned and otherwise mutilated American flags." The note concluded with these sentences:

"In view of the fact that a number of these acts are reported as having occurred subsequent to the receipt of the aforementioned assurances of the Imperial Japanese Government and inasmuch as this disregard of American rights is reported as still continuing, the American Government is constrained to observe that the steps which the Japanese Government have so far taken seem inadequate to ensure that hereafter American nationals, interests and property in China shall not be subjected to attack by Japanese armed forces or unlawful interference by any Japanese authorities or forces whatsoever. My Government must, therefore, request that the Imperial Japanese Government re-enforce the instructions which have already been issued in such a way as will serve effectively to prevent the repetition of such outrages."³⁸

The Japanese reply to this note, delivered on February 12, pleaded military necessity in extenuation of "mistakes" by requisitioning squads, and noted the "difficulty of ascertaining the facts" in circumstances of a disturbed character. Strict instructions regarding "the importance of respecting the American national emblem" had been sent "to every unit in China";

³⁸ For text, see Document 11, p. 181.

special officers would be stationed at important points in China "to take charge of matters relating to the rights and interests of third powers"; and the military police in China would be reinforced.³⁹

Meanwhile, on January 26, two American citizens at Nanking, including the Third Secretary of the American Embassy, had been "slapped in the face by a Japanese soldier" while investigating a case of illegal entry into American property.⁴⁰ Representations on this affair, offered by Ambassador Grew on January 29, were promptly answered by the Japanese government. On January 31 the State Department announced acceptance of Japan's expression of "profound regret" for the incident and promised that the responsible parties would be punished.⁴¹

A more inclusive issue was raised on February 3, when the Japanese Embassy at Peiping warned neutral foreigners to withdraw from a large area of China north of the Yangtze River. The warning, which was transmitted to American and other foreign embassies in Peiping, also desired that neutrals should mark their properties against possible dangers from aerial bombardment before withdrawing. This step amounted, in effect, to a disavowal of Japanese responsibility for damages to foreign property occurring as a result of military operations. Refusal to accept such a contention was made clear in an American note to Japan, the instructions for which were sent to Ambassador Grew on February 18.⁴²

The fact that certain issues growing out of the earlier hostilities at Shanghai and Nanking were still unresolved was made apparent in a protest presented on May 31, 1938 at Tokyo by Ambassador Grew. In this note, the American government expressed its "increasing concern" over the "problem of enabling American citizens to re-enter and repossess" properties from which they had been excluded by the Japanese military. Attention was specifically directed to the University of Shanghai, a Baptist missionary enterprise, which had been occupied by the Japanese military "for a period of nine months," although "hostilities in this locality long ago ceased," and which

³⁹ State Department, *Press Releases*, February 19, 1938, pp. 263-5.

⁴⁰ For official report on the facts in this case, see State Department, *Press Releases*, January 29, 1938, pp. 178-81.

⁴¹ State Department, *Press Releases*, February 5, 1938, p. 197.

⁴² Text of this note has not been published; for substance as outlined by State Department, see Document 12, p. 182.

had suffered looting and damage. Reference was also made to measures preventing American missionaries and businessmen from returning to their places of residence and working in the lower Yangtze valley, although Japanese nationals had been accorded this privilege.⁴³

In its reply, which was postponed until July 16, the Japanese government made but partial concession to the American demands. While Japan's armed forces gave up their occupation of Shanghai University, full repossession of the premises by its American owners was denied under plea of military necessity: watchmen would be permitted to reside on the University grounds, and repairs might be effected; as to reparation for damages, "further consideration" would be given this aspect of the question. Conditions in the lower Yangtze valley were still unsettled, making it difficult to permit unrestricted access of foreigners to this region; but, depending upon "actual conditions prevailing in any given place, the policy will be gradually to permit the return of such nationals."⁴⁴ Two days later, Secretary Hull indicated that Japan's reply "had not settled the issue to this government's full satisfaction."⁴⁵

During the spring of 1938 the American public was deeply stirred by a series of destructive Japanese air raids on Canton which resulted in heavy loss of civilian life. Increasing attention was drawn to the extent to which American supplies were assisting Japan, and pressure to restrict the sale of bombing planes, in particular, was directed both against Congress and the Administration. A plea for cessation of American economic aid to Japan was made before the General Assembly of the Presbyterian Church on June 1, but the Assembly's report contented itself with a condemnation of "the heedless destruction of the lives and property of innocent non-combatants in many parts of China, most recently evidenced in the bombings of civilians in Canton."⁴⁶ Earlier, the annual convention of the New York Conference of the Methodist Episcopal Church had explicitly denounced the policy of the United States in continuing "to buy Japanese goods" and "to sell Japan the materials with which she has been waging aggressive and inexcusable war

⁴³ For text, see Document 15, p. 183.

⁴⁴ State Department, *Press Releases*, July 23, 1938, pp. 48-9.

⁴⁵ *New York Times*, July 19, 1938.

⁴⁶ *New York Herald Tribune*, June 2, 1938.

on China.”⁴⁷ On June 11 Secretary Hull indicated that the State Department was informally discouraging the sale of American bombing planes to Japan through oral statements made to representatives of American airplane manufacturers.⁴⁸ In the same month the Department of Commerce addressed a warning to American exporters containing the following statement: “In view of the increasing severity with which the exchange restrictions in Japan are being enforced, it is believed that a confirmed irrevocable letter of credit offers the American exporter the most satisfactory assurance that the Japanese importer has fully complied with the regulations and that payment will be duly forthcoming.”⁴⁹ A poll of Congressmen conducted at this time by *The Christian Science Monitor* indicated general support for Secretary Hull’s effort to discourage shipment of American aircraft to Japan, as well as some sentiment for applying an embargo to a wider range of exports.⁵⁰

Still another American protest was registered at Tokyo on August 26 against “the unwarranted attack on August 24, 1938, near Macao, by Japanese airplanes upon a commercial airplane operated by the China National Aviation Corporation resulting in the total destruction of the commercial airplane, the loss of the lives of a number of non-combatant passengers and the endangering of the life of the American pilot.” The note concluded with the sharp statement: “My Government desires to express its emphatic objection to the jeopardizing in this way of the lives of Americans as well as other non-combatant occupants of unarmed civilian planes engaged in clearly recognized and established commercial services over a regularly scheduled air route.”⁵¹ The Japanese reply of August 31, while expressing regret for the results of the attack, held it to be “not unwarranted” owing to the fact that the China National Aviation Corporation plane “acted in such a manner as invited suspicions of its being a Chinese military aircraft.”⁵²

On the eve of the European crisis which culminated in the Munich agreement, a cablegram from the American Chamber of Commerce and the American Community Committee at

⁴⁷ *Ibid.*, April 24, 1938.

⁴⁸ *New York Times*, June 12, 1938. For text, see Document 16, p. 185.

⁴⁹ *Christian Science Monitor*, June 22, 1938.

⁵⁰ *Ibid.*, June 21, 1938.

⁵¹ For text, see Document 18, p. 187.

⁵² *New York Times*, September 1, 1938.

Shanghai, dated September 2, 1938, revealed that questions which had formed the basis for State Department protests during previous months were still unsettled, and new issues were emerging. The text of the cablegram, which was addressed to the Secretary of State, read as follows:

"Americans in Shanghai, alarmed over the steady progress of the realization of Japanese plans to oust American and other trade from China by means of monopolies, trade and travel restrictions, control of commodities, exchange control, currency manipulation, as already in effect in North China, and crippling the most important lines of American trade there, convinced that the present is the time for America to take a firm stand, insist on:

"1. Restoration of the Shanghai Municipal Council to full authority and control in the International Settlement, including the Hongkew and Yangtzepoo sections;

"2. Restoration of American homes, institutions, business properties and goods to the rightful owners, with full and free access to and use thereof and prompt indemnification for losses;

"3. Discontinuance of Japanese censorship and interference with our mails, telegrams, cables and other means of communication, including radio equipment, now restricted in North China;

"4. Immediate return of equipment and the resumption of dredging operations in the Whangpoo River and Shanghai Harbor in accordance with international agreements;

"5. Restoration of full rights and privileges of trade, travel and residence in the Yangtze Valley, North China and other areas, including the use of railways, shipping, commercial airways and motor highways with access to markets and mission centers on a basis of equal opportunity;

"6. Due respect for an observance of all American treaty rights."

Post-Munich Developments

Significant changes in the Far Eastern military situation occurred during the few weeks which succeeded the Munich agreement. A landing effected by Japanese forces on Bias Bay early in October resulted in the rapid capture of Canton; before the month was out, Hongkong was isolated from Canton and the South China hinterland. The Chinese forces immedi-

ately withdrew from the Hankow area, and Hankow also fell to the Japanese army toward the end of October. Shifts in the Tokyo Cabinet, however, as well as statements by Generalissimo Chiang Kai-shek, indicated that the struggle would still be vigorously prosecuted by both sides. The status of foreign interests in China, in the light of these new conditions, was rendered more uncertain than ever; nevertheless, the American government proceeded to initiate at this time a comprehensive diplomatic effort to secure adequate respect for the treaty rights of its citizens.

Under date of October 6, 1938, the American Ambassador delivered to the Japanese government a detailed summary of Japan's continuing violations of the open door principle in China, combined with an implied hint of retaliatory action.⁵³ The text of this note was released at Washington on October 27; at the time, the Japanese authorities had not yet made response. Japan's reply, finally delivered at the Tokyo Embassy on the evening of November 18, deprecated any intention on the Japanese government's part of discriminating against the rights of American nationals in China, and offered a point-by-point rebuttal of the contentions advanced in the United States note with respect to exchange control measures, revisions of the Chinese tariff, organization of promotion companies, and restrictions on the ordinary privileges of American citizens. It noted that emergency laws affecting American nationals in Japan applied also to the nationals of other states, and reserved "for another occasion" a statement concerning the treatment of Japanese subjects in American territory. The last three paragraphs of the Japanese note contained a most significant pronouncement. They declared:

"Japan at present is devoting her energy to the establishment of a new order based on genuine international justice throughout East Asia, the attainment of which end is not only an indispensable condition of the very existence of Japan, but also constitutes the very foundation of the enduring peace and stability of East Asia.

"It is the firm conviction of the Japanese Government that in the face of the new situation, fast developing in East Asia, any attempt to apply to the conditions of today and tomorrow inapplicable ideas and principles of the past neither would con-

⁵³ For text, see Document 19, p. 188.

tribute toward the establishment of a real peace in East Asia nor solve the immediate issues.

"However, as long as these points are understood, Japan has not the slightest inclination to oppose the participation of the United States and other powers in the great work of reconstructing East Asia along all lines of industry and trade; and I believe that the new regimes now being formed in China are prepared to welcome such foreign participation."⁵⁴

The American note of October 6 had broadly hinted at the possibility of American economic reprisals, if Japanese infringements of the open door policy in China persisted. The Japanese reply, while denying such infringements, tacitly implied that the principles of the open door policy were no longer applicable to the "new order" which Japan was constructing in East Asia. An *impasse* had apparently been reached.

Confronted with rejection of its previous representations, and a clear Japanese challenge, the United States government resorted—on December 31, 1938—to the despatch of a second note to Japan, stating its case in even more forceful and comprehensive terms.⁵⁵ Although this note contained no suggestion of possible retaliatory measures, it was not left altogether without the support of specific action.⁵⁶ Two weeks earlier, on December 15, the United States Export-Import Bank had placed a credit of \$25 million at China's disposal; in addition, the Treasury had extended the Chinese-American monetary agreement of July 9, 1937 by which China was enabled to dispose of its silver and obtain dollar exchange against its gold reserves thus accumulated in New York. And less than a week later, on January 4, 1939, the President's annual message to Congress strongly favored positive action.⁵⁷ In tone and substance, this statement recalled the emphasis of the President's Chicago speech of October 5, 1937. Both addresses constituted a warning to aggressors and a defense of the need for concerted international action to safeguard peace. The message to Congress, however, looked much more directly toward revision of the Neutrality Act, and in this respect accorded with a change in the temper of public sentiment.

⁵⁴ State Department, *Press Releases*, November 19, 1938, pp. 359-63.

⁵⁵ For text, see Document 21, p. 194.

⁵⁶ The note was reinforced by protests, similar in tenor, delivered at Tokyo by Great Britain and France in the middle of January.

⁵⁷ For textual excerpt, see Document 22, p. 199.

The Munich agreement of the previous autumn had led to the first pronounced shift in American opinion on foreign policy since 1935. During the first six months of 1939, events both in Europe and the Far East again brought home to the American people the threat of general war. In contrast to earlier periods, the normal reaction toward a strengthening of isolationist sentiment did not occur. Germany's partition of Czechoslovakia in March 1939, and the strokes of the Axis powers in Memel, Rumania and Albania, reinforced the trend against mandatory neutrality legislation. A series of polls by the Gallup Institute showed 34 percent voting for the sale of arms to England and France before Munich, 55 percent in March 1939, and 66 percent in April 1939. The American Union for Concerted Peace Efforts, formed in the spring of 1939, directed the activity of a considerable number of peace organizations toward winning the support of the United States for measures to check the spread of aggression. While the reaction in Congress was not so pronounced, it was clear that there, too, the neutrality advocates were losing ground.

The spread of aggression in Europe had been matched in the Far East by Japan's occupation of Hainan Island in February and of the Spratly Islands in March—political moves which served to emphasize the growing Japanese pressure against Western economic interests in China. An increasing body of American opinion tended to question the advisability of permitting vast amounts of war materials to be sold to Japan, when the latter's activities were jeopardizing American interests and meeting with the official opposition of Washington. Secretary Hull's attempt to halt the sale of American aircraft to Japan, as well as the Export-Import Bank's loan to China, met with little public opposition, although both steps moved beyond the range of a strictly neutral attitude. Organization of the American Committee for Non-Participation in Japanese Aggression, headed by Mr. Henry L. Stimson, stimulated to activity and focused upon Congress the existing but inchoate sentiment which favored positive measures to curb Japan. The Conference on the Cause and Cure of War, meeting at Washington in January 1939, went on record for the first time in favor of an embargo on war materials to Japan. In May 1939 the General Assembly of the Presbyterian Church, reversing its neutral attitude of the previous year, adopted a resolution

condemning America's continued "partnership in aggression" and urging immediate legislation by Congress to prevent the sale of munitions and war materials to Japan.⁵⁸

Reconsideration of the neutrality statute by Congress progressed slowly during the early part of the session, with the Administration adopting a "hands-off" attitude. Public hearings on revision of the act were not concluded until May; meanwhile, on May 1, 1939, the "cash-and-carry" provisions had expired. Toward the end of the month Secretary Hull, in conference with members of the House, moved definitely to secure elimination of the mandatory arms embargo. On June 13 a bill framed along lines supported by the State Department was reported out by the House Foreign Affairs Committee. This bill extended the "cash-and-carry" principle to all commodities, thus eliminating the arms embargo, and broadened the President's discretionary powers. At the end of June a bi-partisan coalition in the House forced through an amendment restoring the arms embargo—a move which defeated the Administration's prime objective. On June 30 the House passed the bill in this modified form by a vote of 200 to 188.

There still remained the possibility of action by the Senate, and during the early weeks of July the battleground of neutrality revision shifted to the Senate Foreign Relations Committee. The actual decision, as it turned out, was rendered on July 11 when the Committee, by a vote of 12 to 11, refused to report to the Senate a measure calling for repeal of the mandatory arms embargo in favor of a general "cash-and-carry" program.⁵⁹ On July 14, in an effort to break the deadlock, President Roosevelt transmitted to Congress a carefully prepared brief for neutrality revision by Secretary Hull.⁶⁰ Several days later, after conferences with Republican and Democratic lead-

⁵⁸ *New York Times*, June 1, 1939.

⁵⁹ Senators voting against: Democrats—Bennett Champ Clark (Missouri), Walter F. George (Georgia), Guy M. Gillette (Iowa), Frederick Van Nuys (Indiana), Robert R. Reynolds (North Carolina); Republicans—William H. Borah (Idaho), Hiram Johnson (California), Arthur Capper (Kansas), Arthur H. Vandenberg (Michigan), Wallace H. White (Maine); Progressive—Robert M. La Follette (Wisconsin); Farmer-Laborite—Henrik Shipstead (Minnesota).

Senators voting for: Democrats—Key Pittman (Nevada), Pat Harrison (Mississippi), Robert F. Wagner (New York), Tom Connally (Texas), Elbert D. Thomas (Utah), James E. Murray (Montana), Lewis B. Schwellenbach (Washington), Claude Pepper (Florida), Theodore F. Green (Rhode Island), Alben W. Barkley (Kentucky), Joseph F. Guffey (Pennsylvania).

⁶⁰ Text in *State Department Bulletin*, July 15, 1939, pp. 43-7.

ers, the President reluctantly abandoned hope of forcing further action in the Senate. He declared his belief, however, that Congressional failure to revise the neutrality statute increased the danger of war in Europe, and indicated that he would call a special session of Congress in the event of a major European crisis.

The session thus ended with a truncated Neutrality Act, minus the previous "cash-and-carry" provisions covering shipments of commodities other than arms, on the statute books. Under these conditions, in case of European conflict, shipments of American munitions of war to belligerent powers would be embargoed, while shipments of other American commodities would continue on a normal basis unrestricted by "cash-and-carry" provisions.

By the spring of 1939 Japan's trade relations with the United States had become an important issue, and were being subjected to close scrutiny by an increasing proportion of the

PERCENTAGE SHARE OF INDIVIDUAL ITEMS IN TOTAL VALUE OF
U. S. EXPORTS TO JAPAN ESSENTIAL FOR WAR PURPOSES*

| Commodity | 1938 | | 1937 | |
|-----------------------------------------|--------------------|---------------------|--------------------|---------------------|
| | Value (\$1,000) | Percent of Total | Value (\$1,000) | Percent of Total |
| Total..... | 171,574 | 100.00 | 173,010 | 100.00 |
| Petroleum and products†..... | 53,136 | 30.97 | 44,900 | 25.95 |
| Metal-working machinery†..... | 24,455 | 14.25 | 12,224 | 7.06 |
| Copper..... | 22,164 | 12.92 | 19,212 | 11.10 |
| Iron and steel scrap..... | 22,061 | 12.86 | 39,386 | 22.76 |
| Aircraft and parts‡..... | 17,454 | 10.17 | 2,484 | 1.44 |
| Automobiles, parts and accessories†.... | 12,050 | 7.02 | 15,206 | 8.79 |
| Iron and steel semi-manufactures§..... | 6,366 | 3.71 | 23,005 | 13.30 |
| Pig iron..... | 4,886 | 2.85 | 9,672 | 5.59 |
| Hides and skins..... | 2,652 | 1.54 | 2,691 | 1.56 |
| Ferro-alloys..... | 2,332 | 1.36 | 1,366 | 0.79 |
| Lead..... | 2,100 | 1.22 | 754 | 0.44 |
| Internal combustion engines†..... | 543 | 0.32 | 539 | 0.31 |
| Aluminum..... | 476 | 0.28 | 280 | 0.16 |
| Non-ferrous metals§..... | 320 | 0.19 | 95 | 0.05 |
| Scrap rubber..... | 250 | 0.14 | 171 | 0.10 |
| Nickel..... | 157 | 0.09 | 219 | 0.13 |
| Arms and ammunition..... | 100 | 0.06 | 49 | 0.03 |
| Leather..... | 45 | 0.03 | 703 | 0.41 |
| Zinc..... | 27 | 0.02 | 54 | 0.03 |

* Source: Hu Tun-Yuan, *Japan's Problem of Procurement of Strategic War Materials*. The Chinese Council for Economic Research, Washington, D. C.

† Including shipments to Kwantung, Manchuria.

‡ 1938 figure includes shipments to Shanghai.

§ Not elsewhere specified.

American public. The sale of Japanese goods to the United States had markedly declined in 1938. Whereas the value of American imports from Japan had totaled \$204 million in 1937, it had dropped to \$127 million in 1938. The exact degree to which boycott sentiment had contributed to this decline of \$77 million is conjectural; that the boycott had played a significant role, however, seems clear. American exports to Japan showed no comparable decline, being valued at \$289 million in 1937 and \$240 million in 1938. A careful analysis of the commodities in this export trade which may be termed essential for war purposes is given in the table on page 85.

The above table includes approximately \$20 million in materials essential for war purposes sold to Manchukuo in 1937-38. With these items eliminated, a classified summary of direct United States exports to Japan during 1937-8 would show the following proportions for the three main heads.

| <i>Classification</i> | <i>1937</i> | <i>1938</i> | <i>1937-1938</i> |
|-----------------------|---------------|---------------|------------------|
| Total exports..... | \$288,558,000 | \$239,575,000 | \$528,133,000 |
| War materials..... | 167,962,000 | \$158,527,000 | 326,489,000 |
| Raw cotton..... | 61,724,000 | 52,644,000 | 114,368,000 |
| Other exports..... | 58,872,000 | 28,404,000 | 87,276,000 |

In the hearings on the Neutrality Act a fairly wide public demand had, for the first time, forced consideration of the bearing of neutrality legislation on the Far Eastern situation. Several bills placing limitations on Japan's trade with the United States were offered by members of both Houses. In the case of a resolution sponsored by Senator Pittman which empowered the President to impose an embargo on war supplies to Japan, the Senate Foreign Relations Committee requested Secretary Hull to indicate whether such action "would violate any treaty." Replying to this request on July 21, Mr. Hull stated:

"In the light of the legislative situation relating to this and kindred proposals in regard to our foreign relations, it is reasonably apparent that there is a disposition in Congress to defer until the next session full and final consideration of proposed legislation on this general subject. Furthermore, as an early adjournment of Congress appears to be tacitly agreed upon, it seems clear that there may not be sufficient time in which to consider and enact legislation such as is proposed.

"In these circumstances, I venture respectfully to inquire whether comment by the Department of State on the various proposals pertaining to this phase of our foreign relations could not be offered to a better advantage when Congress at its next session is ready to give full consideration to these and related proposals."⁶¹

This statement effectively laid to rest any immediate possibility of embargo action against Japan, even though it evaded an answer to the main query. On the same date, however, in answer to a request for his views on a resolution by Senator Vandenberg proposing denunciation of the Japanese-American commercial treaty of 1911 and reassembly of the Brussels Conference of 1937, Secretary Hull wrote:

"Notwithstanding the authority which is vested in the Executive in regard to the matter mentioned in the resolution, I am glad to say that the Executive is always pleased to have advice from the Senate and to give such advice full and careful consideration consonant with the great weight to which the opinions of the Senate are entitled. Such consideration will, therefore, be given to the opinion of the Senate as set forth in the resolution under reference, in the event of its passage."⁶²

While the latter response appeared non-committal, it actually preceded State Department action on the trade treaty by only five days. This step was taken at a critical stage in a new crisis which Japan's aggressive encroachments on Western interests had brought about in the Far East during the spring and summer of 1939.

In May a storm, long brewing over the foreign concessions and settlements in China, had broken out in full force. For several months the local Japanese authorities at Shanghai and Tientsin had been exerting strenuous efforts to establish greater control over the foreign-administered areas in those cities. Early in March a tense situation at Shanghai had been smoothed over, but the compromise then reached was obviously temporary. On May 3 the Vice-Minister for Foreign Affairs at Tokyo submitted an *aide-memoire* to the British and American Ambassadors; at the time, the text of this communication was not published, but the American reply later revealed that it raised

⁶¹ *State Department Bulletin*, July 22, 1939, p. 61.

⁶² *Ibid.*

basic issues with regard to administrative control of the International Settlement at Shanghai.

Before this reply was delivered, direct Japanese pressure on the foreign settlements and concessions was intensified. Local Japanese authorities, both civil and military, renewed the agitation previously conducted at Shanghai and Tientsin. On May 12 a force of Japanese marines was landed at Kulangsu, island center of the International Settlement at Amoy, ostensibly to deal with the shooting of a local Chinese puppet official. Immediately after the occupation, however, extensive demands for revision of the Kulangsu administration were presented to the foreign authorities of the Settlement. These events, it was immediately recognized, provided a test case for the larger issues at stake in Shanghai and Tientsin. Several Western naval vessels were concentrated at the island, and on May 17-18 American, British and French patrols, each equal to the Japanese force, were landed at Kulangsu. On May 19 both foreign areas at Shanghai mustered an impressive display of all available military, naval and police forces, which undertook a search for terrorists and concealed arms. As at Kulangsu, this display of force was clearly designed as a warning to Japan; these vigorous measures succeeded in postponing further Japanese moves for nearly a month.

The American reply to the Japanese *aide-memoire* had meanwhile reached Tokyo on May 17. While the note was conciliatory in tone, it nevertheless amounted to a firm rejection of the Japanese demands. The American government declared itself ready to participate in "friendly and orderly negotiations properly instituted and conducted" for any needed revision of the Settlement's land regulations. Present abnormal conditions, however, offered no basis for "an orderly settlement of the complicated problems involved which would be reasonably fair to all concerned." The United States rejected Tokyo's demand for revision of the voting system, on the ground that the Japanese community already enjoyed a proportionately greater vote than that to which it was entitled by virtue of the municipal rates and land taxes it paid. Adjustments of the Settlement's administrative practice had been made in the past, and the American government felt that similar attempts to meet "any reasonable requests" would continue. The efforts of the Settlement officials to perform their normal functions, however, had been

"seriously handicapped" by "lawless activities in areas contiguous to the International Settlement and by refusal on the part of the Japanese military forces to return the Settlement area lying north of Soochow Creek to the effective control of the authorities of the International Settlement." Smooth functioning of the Settlement's administrative machinery would be promoted by a "frank recognition" on Japan's part of the excellent work of the Settlement authorities and "by the prompt restoration to those authorities of complete control over the Settlement area extending north of Soochow Creek."⁶³

Two aspects of this preliminary episode in the struggle over the foreign-controlled areas deserve notice. For purpose of direct defense of interests threatened by Japanese encroachment, the United States had showed itself prepared to make at least a display of armed force. In contrast to the situation prevailing in 1937, this action caused no outcry in the United States; on the contrary, it met with general public approval. In the second place, the American action was supported by the European powers directly concerned. French and British, as well as American, forces were landed at Kulangsu; French, British and American forces cooperated in the armed display at Shanghai; and the American rejection of the demands in the Japanese *aide-memoire* was closely followed by a similar British rejection, delivered at Tokyo on May 19. Like parallels had occurred during preceding months, notably in the case of the British and French notes of January 1939 and of the British loan of £5 million to China in March, both of which followed a course of action previously taken by the United States. These steps indicated that the Western powers were developing an increasing measure of cooperation on Far Eastern questions.

The effectiveness with which such cooperation could be applied in the Far East was subjected to a further test in June, when the brunt of the Japanese attack on the foreign concessions was transferred to Tientsin. Making use of the detention of four alleged Chinese terrorists in the British Concession, the local Japanese authorities established a blockade of the foreign-controlled areas, both British and French, on June 14. In this case, Japan made a strong effort to single out Britain for special attack, with the obvious intention of splitting the united Anglo-American-French front which had formed in defense of

⁶³ For text, see Document 23, p. 200.

the Shanghai and Kulangsu Settlements. Passing far beyond the immediate issue, demands by Japanese spokesmen called upon Great Britain to cooperate with Japan in setting up the "new order" in East Asia. While American nationals held a sizable business stake at Tientsin, the United States possessed no jurisdictional rights in the concessions. At the same time, it was clear that American and French interests in China would be undermined to the extent that Japan's aims in the attack on Britain were realized. On June 19, in a statement issued at his press conference, Secretary Hull pointedly alluded to this basic consideration.⁶⁴

Secretary Hull's statement was supported by two protests delivered on the same day at Tokyo. In the first case, the American *chargé d'affaires* protested the Japanese naval blockade established June 15 against the Kulangsu Settlement at Amoy, where the United States possessed a direct jurisdictional interest. In the second case, the *chargé d'affaires* requested permission to publish an exchange of notes, and made further oral representations, concerning Japanese bombings of American properties in China. While this latter move was not directly concerned with the issues at Amoy or Tientsin, it served to emphasize continuing American opposition to Japan's activities in China. On June 21, moreover, Secretary Hull announced that the American Consul-General in Tientsin, utilizing a statement drawn up by the local American Chamber of Commerce, had formally objected to the adverse effects of the blockade on the interests and general welfare of the American nationals in the city. Finally, on June 22, Admiral Yarnell, Commander-in-Chief of the American Asiatic fleet, bluntly rejected a Japanese demand that American nationals and naval vessels be withdrawn from Swatow, which Japanese military forces had just occupied. Similar action was taken by the British naval commander, and additional British and American naval vessels were dispatched to Swatow.

At Tientsin, nevertheless, the blockade instituted by the Japanese army authorities was intensified. The stripping and searching of British nationals at the Tientsin barricades aroused public opinion in Britain and called forth vigorous official statements, but mindful of the German threat in Europe, the British authorities showed no inclination to adopt measures of

⁶⁴ See Document 24, p. 203.

economic reprisal against Japan. Instead, efforts were directed toward securing some form of local settlement. The initial British effort to obtain a neutral review of the evidence concerning the four accused Chinese, through a committee under the chairmanship of the American Consul-General at Tientsin, met with a brusque rebuff from Japan. By mid-July the pressure on Great Britain at Tientsin had become virtually intolerable, and unofficial Japanese demands of broad scope were being voiced. In the face of all provocations, British diplomacy still bent its energies toward localizing the dispute. Preliminary talks between Foreign Minister Hachiro Arita and the British Ambassador, Sir Robert Leslie Craigie, began in Tokyo on July 15 and continued at intervals for more than a week. On July 24 the text of a basic accord under which negotiations would be conducted for a formal settlement of the Tientsin dispute was announced in London. This significant Craigie-Arita formula ran as follows:

"His Majesty's Government in the United Kingdom fully recognize the actual situation in China where hostilities on a large scale are in progress, and note that, as long as that state of affairs continues to exist, the Japanese forces in China have special requirements for the purpose of safeguarding their own security and maintaining public order in regions under their control, and that they have to suppress or remove any such causes or acts as will obstruct them or benefit their enemy.

"His Majesty's Government have no intention of countenancing any acts or measures prejudicial to the attainment of the above-mentioned objects by the Japanese forces, and they will take this opportunity to confirm their policy in this respect by making it plain to British authorities and British nationals in China that they should refrain from such acts and measures."⁶⁵

On the face of it, this document made extensive concessions to Japan, notably in recognizing the Japanese army's "special requirements" in areas of China occupied during the course of an undeclared war. Yet the phraseology of the accord was sufficiently vague to relegate its final results to whatever agreements might be reached in negotiations conducted under the formula itself. At the outset it was clear that Japan expected much from the accord. Its publication followed immediately upon the setback to neutrality revision at Washington and

⁶⁵ *The Times* (London), July 25, 1939.

subsequent elimination of the possibility of a Congressional embargo on shipments of American war supplies to Japan at that moment. On July 26, however, only two days after announcement of the Craigie-Arita formula, Secretary Hull served notice of denunciation of the Japanese-American commercial treaty.⁶⁶ Official Japanese reactions at once indicated the gravity attached to the State Department's move by Tokyo, which had consistently discounted the possibility of substantial efforts to curb sales of United States war materials to Japan.

As six months were required to give effect to the denunciation of the trade treaty, no immediate action to stop the flow of American war materials to Japan was envisaged at Washington. Specific moves in this direction were unlikely to occur until the next regular session of Congress.⁶⁷ On the other hand, Secretary Hull's action constituted a serious warning to Japan, while indirectly it tended to strengthen Britain's hands in the important negotiations being instituted under the Craigie-Arita accord.

This latter effect did not become immediately apparent at Tokyo. The first stages of the Anglo-Japanese negotiations, confined mainly to policing issues in the British Concession at Tientsin, passed off satisfactorily. On August 11, the British government decided that the four accused Chinese should be handed over for trial to the local Chinese courts, which were dominated by Japan, at Tientsin.⁶⁸ Certain other agreements were also reached affecting cooperation between the Japanese army and the authorities of the British Concession at Tientsin for suppression of terrorism and maintenance of order, subject to final settlement on points of detail. But when the Japanese delegates proceeded to demand surrender of Chinese silver deposited at Tientsin, as well as suppression of the circulation

⁶⁶ For text, see Document 25, p. 203.

⁶⁷ The results of a Gallup poll, announced August 30, showed over 80 per cent supporting denunciation of the treaty and favoring embargo measures when the treaty expired.

⁶⁸ *The Bulletin of International News* (Royal Institute of International Affairs, London), August 26, 1939, p. 21. At London official explanations indicated that the Law Officers of the Crown, "after studying evidence against the men supplied confidentially by the Japanese authorities on July 30, had come to the conclusion that it constituted a *prima facie* case against two of the men on a charge of murder, and against the other two on a charge of membership of an illegal organization." This decision was challenged by the action of certain private British nationals in applying for a writ of *habeas corpus*.

of the Chinese national currency in the Concession, the conference struck a snag. After some delay, the British conferees decided to take further time for consultation with the governments of France and the United States. On August 18, acting on instructions from London following these consultations at Washington and Paris, Ambassador Craigie informed the Japanese negotiators that, in any further discussions respecting the silver and currency questions, arrangements would have to be made to take into account the views of other interested powers. This position was set forth in detail by a Foreign Office statement issued on August 20 at London.⁶⁹

The renewed evidence of Anglo-American-French cooperation on Far Eastern issues, revealed in these developments, led to some signs of hesitancy at Tokyo. For the moment, at least, it appeared that the Anglo-Japanese negotiations had reached an *impasse*, and that, too, before the British had been induced to surrender any vital positions. In China, however, the Japanese army immediately undertook new measures of reprisal against Britain. Flood waters had temporarily disrupted the blockade of the Tientsin concessions, but ominous moves were noted both at Shanghai, where 6,000 Japanese troops were landed following an affray in which a British sergeant acting in self-defense killed two men of the local Japanese-dominated police force, and at Hongkong, where Japanese troops occupied the area along the mainland borders of the Kowloon leased territory. Following announcement of the Soviet-German non-aggression pact, however, these activities at Shanghai and Hongkong were suddenly called off, while the Anglo-Japanese negotiations at Tokyo were left in a state of suspended animation. The outbreak of war in Europe two weeks later confirmed the immediately existing stalemate in the Far East while the major powers including Japan re-evaluated their respective positions.

⁶⁹ For these details of the negotiations, see *ibid.*, pp. 18-22.

CHAPTER XII

WAR IN EUROPE: TO THE ATTACK ON RUSSIA

The war in Europe, at first slowly, then with a greater speed and definiteness, profoundly affected the relations between Japan and the United States. In retrospect, the critical dividing line in this progression was marked by Germany's attack on the Soviet Union in June 1941. Until then Japan's hands were not wholly free for the greater adventure in aggression on which its more warlike leaders were anxious to embark; thereafter, events moved rapidly toward the outbreak of war in the Pacific.

Preliminaries to this *dénouement* occurred during 1940, when the new German military power revealed its full effectiveness. Up to June 1940 Japan's policy had been hesitant, but major hostilities in Europe produced, as in 1914, a new surge of Japanese expansionism. The scope of Japan's "co-prosperity sphere" was redefined to include not only China but also the colonial areas of Southeast Asia, and Japan moved step by step to make this dream a reality. The British, French and Dutch possessions in the Far East, automatically involved in the European hostilities, thus took on a double significance. On the one hand, their contributions of men and materials were valuable and perhaps indispensable assets in the struggle against Germany; on the other hand, in view of the growing menace from Japan, they represented a liability in so far as their own defense requirements necessitated diversion of military effort from the Western theater of war. In this paradox the United States was intimately concerned, not only by virtue of its responsibility for the defense of the Philippine Commonwealth, but also as it gradually assumed the role of a non-belligerent partner of Great Britain and the other powers at war with the Axis.

New and grave issues arising out of the European war, symbolized in the Tripartite Alliance of September 1940, thus deepened the gulf between Japan and the United States. Meanwhile the older issues provoked by Japan's attack on China remained unsettled. In addition, the economic disturbances created by the European conflict and the American defense

program had severe repercussions upon Japanese-American trade, powerfully reinforcing the previously rather ineffective drive for anti-Japanese embargoes. In short, on both Japan and the United States the European war had the effect of a catalytic agent, sharpening the lines of cleavage and transmuting attitudes into actions.

American Far Eastern policy in this period may be roughly divided into five stages, corresponding on the one hand with the progress of events in Europe and the United States' reaction thereto, and on the other with the progress of Japan's advance in Asia. The first, from the fall of 1939 to the spring of 1940, was chiefly one of watchful waiting and inconclusive maneuvers on the part of all the powers concerned. The second was inaugurated by Germany's blitzkrieg in the spring and summer of 1940; this encouraged Japan to launch southward moves which at first met with little resistance, but it also galvanized the United States into feverish rearmament and spurred the forging of closer ties with Great Britain. The third, covering the fall and winter of 1940-1, brought British victories over Italy, greater American aid to Britain, and a marked stiffening of joint Anglo-American opposition to Japan's threatening moves in Southeast Asia and military alliance with the Axis. The fourth phase, in the spring of 1941, saw a decrease in the tension between Washington and Tokyo, as secret diplomatic conversations were initiated. Finally, Germany's attack on the Soviet Union in June 1941 created a new and more critical situation, and storm signals were again raised in the Pacific.

Watchful Waiting

The Soviet-German treaty of August 1939 and the subsequent outbreak of war in Europe temporarily lessened the international tension in the Far East. Announcement of the Soviet-German agreement produced political confusion in Japan, causing the downfall of the Hiranuma cabinet and a temporary swing away from the Rome-Berlin Axis. The Japanese felt that their European partner had let them down badly by signing up with the ideological enemy, while the Soviet Union's position in the Far East was strengthened by easing of the threat to its European frontier. Japan was thus diplomatically isolated; but the hostilities in Europe brought compensating factors. Great Britain and France, faced by the necessity of defending their

own territory, were ill prepared to resist simultaneously Japanese encroachments on their possessions in Asia.

The burden of defending Western interests in the Far East thus devolved upon the United States, which during the summer had denounced its commercial treaty with Japan, thereby clearing the decks for possible economic reprisals.¹ Moreover, the potential effectiveness of such reprisals was considerably increased by the economic repercussions of the European conflict, which created a boom market in war material and left the United States as the only important industrial nation whose supplies were available to Japan. Unilateral sanctions thus appeared to be a practical possibility for the first time since the beginning of the Sino-Japanese war.

That the United States did not at once take advantage of its commanding position was due chiefly to preoccupation with events across the Atlantic. Public reaction to the tragic events in Europe was compounded of a strong sympathy with the Allied cause and an even stronger desire to keep the United States out of the conflict. This was reflected in the calling of a special session of Congress, which amended the Neutrality Act by repealing the arms embargo and at the same time restoring the cash-and-carry provisions. Throughout the first, inactive stage of the European war the American government was acutely conscious of the possibility that the progress of events in Europe might call for new and far-reaching decisions on the part of the United States. This led it to pursue a go-slow policy in the Orient. Also, although the precise extent of Anglo-American consultation at this time is not known, the American government was aware that the British were concerned to avoid pushing Japan into the camp of their enemies. The United States was increasingly identifying its interests with those of Great Britain, and although this did not prevent divergences of viewpoint on Far Eastern questions, similar considerations may have influenced American policy.

The United States was feeling its way in a new and alarming world situation. During the fall of 1939 there seems to have been an abortive effort to achieve a settlement of outstanding issues with Japan.² The moment seemed propitious. The United

¹ See above, p. 92.

² On the rationale of such an effort see A. Whitney Griswold, "Facing Facts about a New Japanese-American Treaty," *Asia*, November 1939; also "Should

States was in a strong bargaining position. Japan was isolated and had shown signs of weakness. She had moderated her drive against foreign interests in China in general and British interests at Tientsin in particular; moved her troops away from the Hongkong border; and agreed to a compromise settlement of the Kulangsu dispute, despite the withdrawal of British and French forces from Amoy. She had suffered a setback in the Nomonhan conflict with Russia, concluded by an armistice on September 15. But the divergence between Japanese and American objectives proved too great to admit of compromise.

The first move was the strong speech delivered by Ambassador Grew in Tokyo on October 19, 1939,³ the significance of which lay not so much in its content as in the circumstances of its delivery. Actually, the Ambassador did little more than repeat the objections to Japanese policies which the American government had stated on many previous occasions. He thus served notice that the United States' position remained unchanged despite European complications. Of more importance, however, was the fact that the Ambassador's statements were made at a public meeting where they could hardly fail to receive wide circulation throughout Japan. Furthermore, Mr. Grew had just returned from an extended visit to the United States and was thus able to assure his listeners that the American government's refusal to condone Japan's actions in China had the overwhelming support of American public opinion. The Ambassador's frank language was an attempt to impress not only on the Japanese government but also on the thinking Japanese public that any hope of persuading the United States to "understand" Japan—i.e., to accept *in toto* Japan's conception of a "new order"—was doomed to failure.

However, the speech was noteworthy for the stress laid on preservation of American rights and interests in China and for the absence of any direct reference to the maintenance of China's independence and territorial integrity as an indispensable objective of American policy. Noteworthy also was the tone of conviction with which Mr. Grew insisted that his sole aim in making so frank a statement was to lay the basis for

Japan Be Embargoed?," *Asia*, February 1940. For the contrary thesis see T. A. Bisson, "Facing Facts about a Far Eastern Peace Settlement," *Asia*, January 1940; Frederick V. Field, "Bases of a Durable Peace," *Asia*, February 1940.

³ See Document 26, p. 203.

an improvement in Japanese-American relations. "Those relations *must* be improved . . . the many things injurious to the United States which have done and are being done by Japanese agencies are wholly needless . . . I am also moved by . . . sincere conviction that the real interests, the fundamental and abiding interests of both countries, call for harmony of thought and action in our relationships." It is possible that Mr. Grew hoped that this strong statement of the American position, coupled with the threat of possible economic reprisals after the expiration of the trade treaty, might pave the way for a general settlement of outstanding problems, with some concessions being made by both sides.

What took place in the series of conversations subsequently held by Mr. Grew and Foreign Minister Nomura has not been revealed; but if Mr. Grew entertained any such hopes they were disappointed. Japan was obviously worried by the impending treaty lapse and sought to secure a new trade agreement before the expiration of the old one, but whatever price she may have offered, it was not acceptable. All that came of the Grew-Nomura conversations, therefore, was that Japan agreed to pay for several cases of damage to American property in China, and on December 22 expressed a willingness to reopen the lower Yangtze River to foreign shipping, under certain restrictions.⁴ This implied promise was never carried out. At about the same time (December 21) the United States indicated by an official circular that it did not intend to subject Japanese shipping to a discriminatory tonnage tax on expiration of the treaty, as would have been permissible under an old law of 1828. But it also extended the moral embargo to exports of aluminum and molybdenum (December 15),⁵ and to equipment and technical information for the production of high-test aviation gasoline (December 20).⁶

The trade treaty expired on January 26. Three days earlier Acting Secretary Berle had informed Ambassador Horinouchi that the United States would make no immediate move; the future depended on "developments." Japan's desire for a new

⁴ *New York Times*, December 23, 1940.

⁵ *Department of State Bulletin*, December 16, 1939, p. 685. The moral embargo on exports of aircraft and parts to nations which bomb civilians had been applied in July 1938. See above, p. 79.

⁶ *Ibid.*, December 23, 1939, p. 714.

treaty or at least a *modus vivendi* was not satisfied, but neither did the United States take advantage of the treatyless situation to impose discriminatory restrictions on trade with Japan.

During 1939 various measures providing for an embargo on shipments to Japan of war materials, such as munitions, metals, petroleum products and machinery, had been introduced in Congress, the most notable being those sponsored by Senators Pittman and Schwollenbach.⁷ Strong public support for these proposals was indicated in public opinion surveys. A Gallup poll in February 1940 on the question of prohibiting the sale of war materials to Japan brought a response of 75 percent for the affirmative.⁸ On December 30, 1939 Senator Pittman, Chairman of the Senate Committee on Foreign Relations, stated that he intended to push his resolution at the proper time, but hoped Japan would carry out her pledges and make further action unnecessary.

Nevertheless none of the embargo proposals reached the floor of the Senate. It was generally understood that with Administration support such measures would have had a good chance of adoption by Congress, but that in fact the Administration used its influence to keep the bills buried in committee.⁹

Thus the United States, having exhausted the resources of diplomacy, unfortified by positive action, to secure respect for American rights in China, and having advanced to the brink of action, reverted once more to its old tactics. These consisted of holding the sword of embargoes over Japan's head as a deterrent to further injuries, while countering each forward move by Japan with another gesture in aid of China. On March 7, 1940 the United States announced a credit of \$20 million to China, advanced through the Export-Import Bank, to be repaid by shipments of tin. This step was made possible by the action of Congress a few days earlier in increasing the Bank's funds. Coming at a time when preparations were under way to inaugurate a central puppet government in China under Wang

⁷ For a summary of these bills and resolutions see William W. Lockwood (ed.), *Our Far Eastern Record*, American Council, Institute of Pacific Relations, New York, 1940, p. 40.

⁸ *New York Times*, February 14, 1940.

⁹ For a consideration of Administration motives, cf. William C. Johnstone, *The United States and Japan's New Order*, New York, pp. 295-6.

Ching-wei,¹⁰ the American move was regarded in Tokyo as an "unfriendly act."¹¹

When the new regime was finally installed at Nanking on March 30, Secretary Hull issued a statement reaffirming the United States' recognition of Chungking as the legitimate government of China. He added that "the setting up of a new regime at Nanking has the appearance of a further step in a program of one country by armed force to impose its will upon a neighboring country. . . . The attitude of the United States toward use of armed force as an instrument of national policy is well known. Its attitude and position with regard to various aspects of the situation in the Far East have been made clear on numerous occasions. That attitude and position remain unchanged."¹² A few days later the United States fleet, which had been transferred to the Pacific in the spring of 1939, left California to hold maneuvers near Hawaii.

The tone of Mr. Hull's statement of March 30 contrasted sharply with that of a speech delivered by the British Ambassador, Sir Robert Leslie Craigie, in Tokyo only two days before.¹³ Sir Robert recalled the Anglo-Japanese Alliance, stressed the essential similarity of British and Japanese objectives, deplored the efforts of "interested third parties" to keep Britain and Japan apart, and declared his confidence in the future

¹⁰ See "America's Dilemma in the Far East," *Foreign Policy Reports*, July 1, 1940.

¹¹ Statement of Foreign Office spokesman, *New York Times*, March 9, 1940.

¹² *Department of State Bulletin*, March 30, 1940, p. 343. See Document 27, p. 211.

¹³ Sir Robert said in part: "Two countries which, in the time of their alliance, passed through a period of exceptional prosperity and mutually beneficial cooperation, have witnessed a reaction which, whatever its causes, has been definitely prejudicial in its effects on their political and economic well-being. It would be idle to deny that during that period there have been serious divergences in national policy and outlook, but what has struck me most is the extent to which real differences have been overlaid by a mass of misunderstanding and misrepresentation all too often fostered by the unwelcome attentions of interested third parties. . . . Bearing in mind the declared intentions of the Japanese Government and the measure of success already achieved, I have a definite feeling of confidence in the future of Anglo-Japanese relations . . . Japan and Great Britain are two maritime Powers on the fringe of Continents and vitally concerned with events on those Continents. Methods may in some cases differ, but both countries are ultimately striving for the same objectives, namely, lasting peace and the preservation of our institutions from extraneous subversive influences. It is surely not beyond the powers of constructive statesmanship to bring the aims of their national policies into full harmony . . . I . . . hope that this goal may be nearer today than it has seemed to be these last few years." Text in *Amerasia*, May 1940, p. 124.

of Anglo-Japanese relations. This speech was attacked in the House of Commons as implying that the British government condoned Japanese aggression in Asia. Lord Halifax replied that Great Britain had no intention of withdrawing recognition from the Chungking government, but saw no reason why this should prevent her from cultivating good relations with Japan. Mr. Hull's statement of March 30 indicated considerable divergence of attitude between Washington and London. It was evident that if the United States desired to take more forceful action against Japan at this time it would have to play a lone hand. On the other hand, it is possible that while less hopeful than Britain of the possibilities of detaching Japan from the Axis, the American government did not want to place any obstacles in the path of British diplomacy.

The Critical Summer

The European war began in earnest with Hitler's lightning occupation of Denmark and Norway in April. On May 10 the Nazis launched the attack on France through the Low Countries which culminated on June 22 with a Franco-German armistice. The speed of the Nazi conquest astounded the world. France had fallen. The balance of power in Europe, maintained for 22 years, had been shattered in six weeks. Great Britain, anticipating invasion at any moment, prepared herself for a desperate struggle. The United States, fearing for its own security in event of loss of the British fleet, increased its armament program, rushed plans for hemisphere defense, and meditated transfer of the American fleet back to the Atlantic.

In Japan, Germany's stock rose rapidly and activists urged that Japan seize this opportunity to oust Western interests not only from China but also from the colonial empire to the south. Actions of such scope and boldness were not taken at this time by Japan. She did, however, bring pressure to bear on Great Britain and France to secure the closure of Free China's principal supply routes, the Indo-China railway and the Burma highway. She also staked out her claim to hegemony in a Greater East Asia and took preliminary steps toward developing it, notably by the establishment of a military base in northern Indo-China.¹⁴ To all this the United States felt able to interpose little save ineffectual protests.

¹⁴ See "Indo-China: Spearhead of Japan's Southward Drive," *Foreign Policy Reports*, October 1, 1940.

On April 15, anticipating the Netherlands' involvement in the European war, Japan warned the Dutch government of her concern for the preservation of the *status quo* in the Netherlands Indies. The Dutch replied that they neither needed nor wanted protection from anyone.¹⁵ The United States, on April 17, issued a vigorous statement stressing the American economic interest in the Netherlands Indies, calling attention to Japan's promise in 1922 to respect Dutch insular possessions, and warning that "intervention in the domestic affairs of the Netherlands Indies or any alteration of their *status quo* by other than peaceful processes would be prejudicial to the cause of stability, peace, and security . . . in the entire Pacific area."¹⁶ These sentiments were reiterated the next day by President Roosevelt.¹⁷ The day after Germany invaded the Netherlands Japan repeated her previous expressions of concern,¹⁸ and so did the United States.¹⁹ Japan received assurances that neither the Dutch nor the British contemplated the landing of British troops in the islands. On May 22 Germany informed Japan that she was not interested in the Netherlands Indies,²⁰ but in spite of this apparent green light no further action was taken at this time, except for the prosecution of trade negotiations.

Japan's more immediate interest was in eliminating obstacles to the subjugation of China. One of these was the French railway from Indo-China to Yunnan, over which supplies had been passing sporadically into Free China. As Paris fell, Japan demanded and received assurances from France that the traffic in munitions would be stopped. Nevertheless, on June 19—three days after France sued for an armistice—Japan demanded that she be allowed to station officers in Indo-China to check all shipments.²¹ This demand, which was accepted the following day, opened the way for the extension of Japanese influence in Indo-China itself. At the same time Japan, doubtless with an eye on Germany, announced that she was concerned with maintenance of the *status quo* in Indo-China, in terms similar to

¹⁵ *Contemporary Japan*, May 1940, pp. 656-7.

¹⁶ *Department of State Bulletin*, April 20, 1940, p. 411. See document below, p. 212.

¹⁷ *New York Times*, April 19, 1940.

¹⁸ *Contemporary Japan*, June 1940, p. 778.

¹⁹ *Department of State Bulletin*, May 11, 1940, p. 493.

²⁰ *Contemporary Japan*, June 1940, p. 779.

²¹ *Ibid.*, July 1940, p. 931.

those which she had used earlier with regard to the Netherlands Indies. The United States indicated on June 22 that it would regard any attempt to change Indo-China's status as a threat to peace in the Pacific, but the effect of this was largely nullified by the President's simultaneous statement that it might be necessary to move the fleet into the Atlantic.²²

At the same time Japan was applying pressure to Great Britain, who, hard pressed in Europe, yielded on one point after another. On June 19 Britain signed an agreement which brought to a close, on terms generally satisfactory to Japan, the year-old dispute at Tientsin.²³ More Japanese demands immediately followed, and were reported to include closing of the Burma road, stationing of Japanese officials in Burma to enforce the closure, cessation of shipments from Hongkong to Free China, and withdrawal of British troops and "interests" from Shanghai. On July 18 Prime Minister Churchill told the House of Commons that Great Britain had agreed to close the Burma road to shipments of arms, ammunition, gasoline, trucks and railway material for three months. He added that the British government hoped "that the time so gained may lead to a solution just and equitable to both parties [China and Japan] and freely accepted by them both."²⁴

Closing of the Burma road came as a severe shock to China. That the United States had been consulted is hardly in doubt. That it deplored the British action is clear from the statement issued by Secretary Hull on July 16, noting that the American government "has a legitimate interest in the keeping open of arteries of commerce in every part of the world and considers that action such as this, if taken, and such as was taken recently in relation to the Indo-China railway would constitute

²² *New York Times*, June 23, 1940. On June 24 the fleet left Hawaii for an unknown destination. Lively speculation ensued, but after a week the fleet returned to its base with the explanation that it had been engaged in routine exercises.

²³ See above, p. 92. The agreement provided that about one-third of the Chinese government silver, held by British banks in Tientsin, would be used for civilian relief in north China; the remainder would be placed in joint Anglo-Japanese custody pending final disposition. Arrangements were made for joint efforts to suppress Chinese terrorism, and the British Municipal Council agreed not to obstruct the circulation of Japanese-sponsored currency. *Contemporary Japan*, July 1940, pp. 928-29.

²⁴ *New York Times*, July 19, 1940. Britain had apparently given in on the Burma road question on July 12. See "Indo-China: Spearhead of Japan's Southward Drive," cited, pp. 170-1.

unwarranted interpositions of obstacles to world trade.”²⁵ However, the United States was not prepared to give Britain such assurances of assistance in case of need as might have induced her to stand out against Japanese pressure. With regard to the suggestion that Britain was seeking at this time to impose a peace settlement upon China, nothing is definitely known as to what may have passed between the British and American governments.

On August 9 Great Britain, presumably as a result of Japanese pressure, announced the intention of withdrawing its armed forces from North China and Shanghai. As the French were already out of the picture (having turned over part of their Shanghai defense sector to the Japanese in June), this left some 1,000 United States marines as practically the only guardians of foreign interests in the International Settlement. It was announced that the marines would remain for the present. Apparently Japan did not formally request their withdrawal although it was demanded by spokesmen of the Nanking government.²⁶ However, the Japanese forces in Shanghai sought to take over the defense sector formerly manned by British troops. Admiral Hart, commander of the United States Asiatic Fleet, was hastily dispatched to Shanghai, where he outranked the Japanese admiral. On August 15, at a conference of military commanders, with the British and Americans outvoting the Japanese, it was decided to allot to Japan the western part of the British sector, the United States receiving the key central area including the waterfront and the chief foreign establishments. The Japanese refused to accept this decision, and the subject was referred to Washington and Tokyo. As a compromise, it was proposed that the Shanghai Volunteer Corps, a local defense organization, take over the disputed sector pending further discussion. This arrangement was carried out and remained in effect until nearly the end of 1941, when the marines were withdrawn to Manila.

In September attention shifted back to Indo-China, clearly the next country on Japan's list.²⁷ Throughout the summer reports had been current that Japan was pressing far-reaching

²⁵ *Department of State Bulletin*, July 20, 1940, p. 36.

²⁶ On August 14, 1940. On August 12 the Foreign Office spokesman in Tokyo had hinted that Japan might ask for the withdrawal of the American forces.

²⁷ See Andrew Roth, *Japan Strikes South*, American Council, Institute of Pacific Relations, New York, 1941.

demands on the French colony, designed to bring it under her effective military and economic control. The Vichy government in France, dependent as it was on Germany, could offer little resistance although it played for time as long as possible. In August it signed a treaty recognizing Japan's special position in Indo-China, the existence of which was not, however, publicly revealed until much later.²⁸ On September 4 the press reported that Japan's demand for military and naval bases and the right of passage for Japanese troops had taken the form of an ultimatum. On the same day Secretary Hull stated that the American government was "reluctant to give credence" to these reports; but should they prove to be well-founded, "the effect upon public opinion in the United States would be unfortunate."²⁹ Ambassador Grew formally protested in Tokyo against any change in the *status quo*, and the next day Lord Halifax, on behalf of the British government, echoed Mr. Hull's statement. Nevertheless on September 22, amid considerable confusion and border fighting, the French agreed to the establishment of three air bases in Tongking and the entry of a Japanese garrison not to exceed 6,000 troops. Secretary Hull reiterated his "deprecation of such procedures," and denied the Vichy government's claim that the United States had approved the French concessions to Japan.³⁰

It had previously been reported that Governor Decoux of Indo-China had appealed to the United States for assistance, and on September 20 an Indo-Chinese purchasing mission had left Washington after an unsuccessful attempt to buy airplanes and ammunition. Exactly what part the United States played is hidden in the archives, but it seems clear that the pattern of the Burma road incident was repeated in broad outline: i.e., the United States declined to underwrite resistance to Japan's advance. On the other hand, there is some reason to think that British or American objections may have induced Japan to modify her original demands—which may have included use of the Cam Ranh naval base—in favor of a more discreet policy of one step at a time.

²⁸ The first mention in the American press seems to have been in the *New York Times*, March 12, 1941. *Ibid.*, July 26, 1941 (Tokyo communiqué).

²⁹ *Department of State Bulletin*, September 7, 1940, p. 196.

³⁰ *Ibid.*, September 28, 1940, p. 253.

The United States Rearms

Thus the story of the summer of 1940 is one of British and American retreat all along the line, Japan's cautious but steady progress being opposed only by delaying tactics. During the fall there became evident a gradual stiffening of the Anglo-American attitude, resulting from a combination of factors.

Perhaps the most fundamental of these factors was the enlargement of Japan's declared aims, accompanied by concrete moves in this direction, to include control not only of China but also of Southeast Asia—the heart of Western imperial interests in the Orient. Here Great Britain, France, Holland and the United States shared a colonial empire rich in tin, rubber, oil and tropical products, whose economic value was matched by its strategic importance. The great fortress of Singapore, methodically strengthened by the British government during the last 13 years, dominated the approaches not only to British and other colonial possessions but to Australia and New Zealand as well. With Singapore in the hands of a hostile power these British dominions, and India as well, would be in danger. Immediate as well as long-range considerations emphasized the importance of maintaining British communications in this area, for in the war against Germany and Italy Britain was relying heavily upon men, munitions and materials from its eastern empire—as well as from the United States, for which also Southeast Asia was an important source of raw materials. Moreover, Britain's eastern empire, especially Australia and India, was rapidly being developed as a self-sufficient military base, capable of supplying and equipping troops for use either in the Western theater of war or if need be in their own defense.³¹

The intensification of hostilities in Europe and especially the fall of France have been noted as the signal for renewed clamor in Japan for launching of the southward drive long advocated by certain sections of Japanese opinion, especially in naval circles. Such pressure was reflected in Foreign Minister Arita's speech of June 29, 1940, which laid down in broad though

³¹ See Michael Greenberg, "Britain Mobilizes Her Eastern Empire," *Far Eastern Survey*, March 26, 1941, p. 58; J. F. Green, "Australia in the World Conflict," *Foreign Policy Reports*, March 1, 1941.

purposely vague terms Japan's claim to hegemony throughout eastern Asia.³² This was answered by Secretary Hull in his statement of July 5, which rejected the claims of both Germany and Japan to regional hegemony based on force, and repudiated the implied analogy with the Monroe Doctrine.³³ Subsequently the relatively moderate Yonai cabinet gave way to one headed by Prince Konoye, which in its policy statement of August 1 specifically asserted Japan's aim of constructing "a new order in Greater East Asia."³⁴

The second factor was Japan's drift back toward the Rome-Berlin Axis. Strengthened by the fall of France and doubtless also by Anglo-American passivity in Asia this trend culminated in the Tripartite Pact of September 27, 1940. The fanfare which accompanied signature of the pact was undoubtedly intended to convince the United States that further opposition to the Axis would involve the risk if not the certainty of a two-ocean war. The effect of this threat, however, was to inflame rather than to dampen American public opinion, and also to bring Japan within the focus of the rising war sentiment which had hitherto been directed mainly against Germany. Moreover, Japan's action in formally casting her lot with Britain's enemies—a decision which was known to the British and American governments some time in advance of its public announcement—weakened if it did not destroy any hopes which may have been entertained in London or Washington of dealing with

³² "The countries of East Asia and the regions of the South Seas are geographically, historically, racially and economically very closely related to one another. They are destined to cooperate and minister to one another's needs for their common well-being and prosperity, and to promote peace and progress in their regions. The uniting of all these regions under a single sphere on the basis of common existence and insuring thereby the stability of that sphere is, I think, a natural conclusion. The idea to establish first a righteous peace in each of the various regions and then establish collectively a just peace for the whole world has long existed in Europe and America. This system presupposes the existence of a stabilizing force in each region, with which as a centre the peoples within that region are to secure their co-existence and co-prosperity as well as the stability of their sphere. It also presupposes that these groups will respect one another's individual characteristics, political, cultural and economic, and they will cooperate and fulfill one another's needs for their common good." *Contemporary Japan*, August 1940, pp. 1077-78.

³³ *Department of State Bulletin*, July 6, 1940, p. 4. See document below, p. 183.

³⁴ *Contemporary Japan*, September 1940, p. 1224; also Matsuoka statement, p. 1225.

the Japanese threat by methods of appeasement at their own or another's expense.⁸⁵

Even so, Great Britain might under pressure of sheer necessity have continued to give ground in the Far East, with American acquiescence, had it not been for the gradual improvement, during the fall and winter, of its military prospects in the West. The R.A.F. held its own in the air and the expected fall invasion did not materialize. The Greek army repulsed Mussolini's legions. British counterattacks inflicted crushing defeats on the Italians in Libya and East Africa. The British navy battered the Italian fleet in the Mediterranean. There were signs of friction between Germany and the Soviet Union. Britain's situation was still critical, for the Nazi sea war was taking heavy toll of British shipping and the danger of invasion was still acute. But it no longer seemed so desperate as in the black summer of 1940.

Behind Britain's increased optimism, and of decisive importance in the evolution of American Far Eastern policy, was the redoubling of America's drive for preparedness after the summer blitzkrieg, and the growing coordination of American military and diplomatic policies with those of the British Commonwealth. Defense appropriations reached sums unprecedented except in time of war; another precedent was shattered in the adoption of peace-time military conscription; economic controls reminiscent of the first World War were set up to speed munitions production; and, most significant for Tokyo observers, Congress authorized in July 1940 construction of a two-ocean navy representing an increase of 70 percent over existing naval strength. After the presidential election in November, America's role as a non-belligerent ally of the British Empire was stated with increasing frankness and vigor in both official and unofficial pronouncements. It was implemented by such concrete measures as the creation of a joint Canadian-American defense board, the trade of destroyers for naval bases, and finally the Lend-Lease Bill, designed in the President's words to make the United States "an arsenal of democracy."

That this growing Anglo-American solidarity might be re-

⁸⁵ But see Sumner Welles' enigmatic speech in Cleveland the day after the Tripartite Pact was signed, in which, while condemning Japanese policies as usual, he affirmed that "there is no problem presented in the Far East which could not be peacefully solved through negotiation." *Department of State Bulletin*, September 28, 1940, p. 249.

flected in the Far East as well as in Europe was emphasized by the important, though secret, discussions which took place in the fall and winter of 1940-41 between the governments of the United States, Great Britain, Australia and the Netherlands. Apparently they were begun in Washington early in September when Japan was renewing its pressure on Indo-China, with conversations between Secretary Hull, Lord Lothian, the British Ambassador, and Richard G. Casey, the Minister from Australia. The presence of an Australian representative was symbolic of the United States' awakened interest in the British dominions in the south Pacific—and of theirs in America. Direct diplomatic relations with Australia had been established early in 1940 with an exchange of ministers.³⁶ These conversations were continued thereafter, but little information as to their content was allowed to leak out. There can be little doubt, however, that during this period the possibilities of joint action against Japan for the defense of Singapore and adjacent areas were thoroughly canvassed. The technical groundwork was unobtrusively being laid for joint action if and when the various governments concerned should decide that action was called for.

Finally, an indirect but important consequence of the United States' rearmament program was the progressive curtailment of American exports to Japan. The Sheppard-May bill, which became law on July 2, 1940, gave the President broad powers to restrict or prohibit the export of materials needed for the defense program. This authority was used to place under a license system, by proclamations issued from time to time, a large number of commodities including many which were important in Japanese-American trade.³⁷ Among the articles affected were munitions, aircraft, iron ore, scrap iron, pig iron, ferroalloys, many iron and steel products, many types of

³⁶ Plans to exchange ministers with New Zealand, later fulfilled, also were reported in February 1941. *New York Herald Tribune*, February 8, 1941.

³⁷ For a condensed summary of such regulations through February 1941, together with a discussion of their effectiveness, see William C. Johnstone, "Export Controls and Far Eastern Policy," *Amerasia*, March 1941. The principal additions prior to the freezing of Japanese assets on July 25 were as follows: cadmium, carbon black, copra, certain fats and oils (effective March 10); jute, lead, borax, phosphates (effective March 24); certain fats, oils and chemicals (effective April 15); certain types of machinery (effective April 15); certain vegetable fibers, etc. (effective May 6); chemical wood pulps, etc. (effective June 3); bismuth, natural gums and resins, zirconium (effective July 2); and petroleum products (see below, p. 110).

machinery and tools, copper, zinc, lead, nickel and other metals, potash, phosphates and other chemicals, wood pulp, and petroleum products. In only two cases—aviation gasoline and scrap iron—was a complete embargo imposed, exception being made for shipments to the British Empire and nations of the Western hemisphere.³⁸

Export figures do not reveal just how strictly the license system was applied against Japan, and publication of detailed trade figures was suspended in April 1941. It is evident, however, that the American restrictions proved highly embarrassing, though constituting considerably less than a full embargo even on so-called war materials. Total exports to Japan dropped sharply in November 1940, following the scrap iron embargo, and continued to decline. In the first five months of 1941 they were 48 percent below the level of the previous year. By March 1941 iron and steel, including scrap, had for all practical purposes disappeared from the export statistics; so had copper, zinc, aluminum, ferroalloys, carbon black, automobiles and

UNITED STATES TRADE WITH JAPAN, 1937-1940

| | <i>Exports</i> | <i>Imports</i> | <i>Gold Purchases</i> | <i>Silver Purchases</i> |
|------------|----------------|----------------|-----------------------|-------------------------|
| 1937..... | \$288,558,000 | \$204,201,000 | \$246,470,000 | \$ 1,273,000 |
| 1938..... | 239,575,000 | 126,820,000 | 168,740,000 | 2,929,000 |
| 1939..... | 231,405,000 | 161,196,000 | 165,606,000 | 4,234,000 |
| 1940..... | 227,204,000 | 158,376,000 | 111,739,000 | 10,308,000 |
| Total..... | \$986,742,000 | \$650,593,000 | \$692,555,000 | \$18,744,000 |

ammonium sulphate. Shipments of machinery, hides, and cotton had declined sharply (cotton because of Japanese, not American, restrictions). Exports of petroleum products were still high, as were wood pulp, lead and borax (later subjected to license).

These restrictions were not specifically directed against Japan and carried no suggestion of invidious discrimination. They were dictated primarily by the requirements of the United States' rearmament program and its policy of aid to Britain. Nevertheless they had the effect of a partial embargo, the less easy to bear since British Empire countries were also reducing shipments to Japan for similar reasons. The American regulations did, in fact, call forth protests from Japan on several

³⁸ The same applies to shipments of petroleum products from the east coast only. See below, p. 121.

occasions. Moreover, some of the licensing proclamations were timed in such a way as to constitute an implied rebuke and warning to Japan. At the same time the United States was pursuing, with some success, a policy of pre-empting Latin American exports of strategic materials in order to keep them out of the hands of Axis nations.

PRINCIPAL AMERICAN EXPORTS TO JAPAN

(In thousands of dollars)

| | 1939 | 1940 | <i>January-March</i> | |
|---------------------------------------------|---------|---------|----------------------|--------|
| | | | 1940 | 1941 |
| Scrap iron*..... | 32,732 | 17,082 | 4,789 | 5 |
| Other iron and steel semimanufactures*..... | 10,616 | 20,868 | 4,220 | 160 |
| Steel mill manufactures..... | 2,443 | 5,312 | 703 | 319 |
| Ferroalloys..... | 6,170 | 1,823 | 614 | 19 |
| Petroleum products..... | 45,285 | 54,600 | 10,252 | 11,713 |
| Machine tools..... | 24,578 | 23,321 | 8,490 | 1,342 |
| Copper (refined and scrap)*..... | 28,550 | 25,336 | 4,918 | 4,627 |
| Zinc..... | 322 | 1,724 | 251 | 48 |
| Lead..... | 2,154 | 773 | 144 | 299 |
| Aluminum*..... | 2,077 | 188 | 186 | ... |
| Automobiles..... | 6,382 | 1,801 | 726 | 121 |
| Aircraft..... | 3,306 | 933 | 352 | 28 |
| Cotton..... | 42,498 | 29,566 | 18,598 | 1,623 |
| Wood pulp..... | 1,948 | 7,144 | 972 | 901 |
| Total exports..... | 231,405 | 227,204 | 62,906 | 32,808 |

* No exports in March 1941.

The Tripartite Alliance

American protests were not sufficient to prevent Japanese military penetration of northern Indo-China in late September 1940, which was soon followed by the signature of the Tripartite Pact. The conversations with Britain, Australia and the Netherlands which took place at this time produced no visible result. With the air battle over Britain at its height and invasion momentarily expected, the time was not considered ripe for any steps which might precipitate a showdown in the Far East. But the United States made a number of moves indicating that although it might be retreating it had by no means abandoned the field.

On September 25 it announced the extension of a \$25 million credit to China through the Export-Import Bank, to be repaid by shipments of tungsten and antimony. The next

day brought announcement of the full scrap iron embargo—the first action under the Sheppard-May bill with real teeth in it. Deliberate timing was obvious here as the news was released the day before the Three-Power Pact, although the President's proclamation was not legally promulgated until four days later.³⁹

News of the Berlin treaty created a sensation in America and did much to arouse public opinion against what was generally interpreted as a sinister combination directly threatening the United States.⁴⁰ The State Department, however, forewarned of the event, manifested neither surprise nor alarm. Secretary Hull commented tersely: "The reported agreement of alliance does not, in the view of the Government of the United States, substantially alter a situation which has existed for several years. Announcement of the alliance merely makes clear to all⁴¹ a relationship which has long existed in effect and to which this Government has repeatedly called attention. That such an agreement has been in process of conclusion has been well known for some time, and that fact has been fully taken into account by the Government of the United States in the determining of this country's policies."⁴²

Tokyo's attitude at this time and subsequently was one of defiance blended with discretion. The former quality was most apparent in Japanese press comment, the latter in official statements. On October 4 Premier Konoye was quoted as saying

³⁹ *Department of State Bulletin*, September 28, 1940, p. 250; October 5, 1940, p. 280.

⁴⁰ The chief provisions of the treaty were as follows:

"Art. 1. Japan recognizes and respects the leadership of Germany and Italy in the establishment of a new order in Europe.

"Art. 2. Germany and Italy recognize and respect the leadership of Japan in the establishment of a new order in Greater East Asia.

"Art. 3. Germany, Italy and Japan agree to cooperate in their efforts on aforesaid lines. They further undertake to assist one another with all political, economic and military means when one of the three contracting powers is attacked by a power at present not involved in the European war or in the Chinese-Japanese conflict.

"Art. 4. With the view to implementing the present pact, joint technical commissions, members of which are to be appointed by the respective governments of Germany, Italy and Japan, will meet without delay.

"Art. 5. Germany, Italy and Japan affirm that the aforesaid terms do not in any way affect the political status which exists at present as between each of the three contracting parties and Soviet Russia."

⁴¹ Including the British government?

⁴² *Department of State Bulletin*, September 28, 1940, p. 251.

that if the United States "persists in challenging" the Axis powers "in the belief that the tripartite pact represents a hostile action, there will be no other course open to them than to go to war."⁴³ Foreign Minister Matsuoka indignantly repudiated threatening remarks attributed to him by an American press service, and said that war between Japan and the United States was an eventuality which he "shuddered" to think of.⁴⁴

During the fall of 1940 there were many indications of a stronger attitude in Washington and London. On October 8 Great Britain confirmed her intention of reopening the Burma road on October 18, at the expiration of the agreed three months. It was reported that this action had been prompted by urging from the United States—strengthened no doubt by the discussions on Far Eastern strategy which were then under way. Early in October, also, the United States warned its nationals to leave the Far East, and arranged to send several liners to repatriate them.⁴⁵ This looked as if trouble were expected, and occasioned some alarm in Japan. Further restrictions were imposed on strategic exports. Japan's formal recognition of the puppet government in Nanking⁴⁶ was met by the announcement on the same day, November 30, of an American credit of \$100 million to the Chinese government—half for the purchase of strategic commodities, and half for the support of the Chinese currency. Ten days later Great Britain granted a credit of £10 million, similarly divided. Meanwhile both the United States and Great Britain were beginning to take steps to strengthen their Far Eastern defenses.⁴⁷

While consolidating her foothold in Indo-China, Japan was also seeking to secure economic concessions from the Netherlands Indies, with whom trade negotiations had been proceeding for some months with little apparent result. On September 12 a Japanese economic mission reached Batavia, and on November 13 an agreement was signed with private oil companies where-

⁴³ *Domei* interview, *New York Times*, October 5, 1940.

⁴⁴ *Ibid.*, October 5, 6, 1940.

⁴⁵ *Department of State Bulletin*, October 19, 1940, p. 318.

⁴⁶ This action was not merely another step toward consolidating the New Order. It also indicated that Japan was not hopeful of the outcome of current *sub rosa* attempts to come to terms with the Chungking government. See "Peace Moves in China?," *Far Eastern Survey*, March 12, 1941, p. 38.

⁴⁷ See Catherine Porter, "Preparedness in the Philippines," *Far Eastern Survey*, April 7, 1941.

by Japan's annual imports of oil from the Dutch colony would be increased to 1.8 million tons, or more than four times as much as Japan had taken in 1939. The agreement was for only six months, and according to reports Japan did not get nearly as much as she had asked for, partly because the British had previously placed pre-emptive orders; in particular she failed to secure any aviation gasoline. Nevertheless the United States government was criticized for having condoned the agreement, especially since deliveries were to be made through the Standard Vacuum and Rising Sun companies, representing American and British capital respectively (Rising Sun is a Shell subsidiary).

American foreign relations during the first two months of 1941 were dominated by Congressional discussion of the Lend-Lease Bill, which empowered the President to transfer arms and other materials to foreign governments when in his judgment such action would serve to promote the defense of the United States. While debate on the bill, both pro and con, centered chiefly on aid to Britain in Europe, it was made clear that aid to China was also contemplated, and possibly aid to other countries which might be called on to resist Japanese aggression. Secretary Hull, testifying in support of the bill before the House Committee on Foreign Affairs on January 15, denounced Japan's policies at length and with emphasis.⁴⁸ Japan was plainly worried and reiterated her peaceful intentions, stressing that her ambitions in Southeast Asia were purely economic.

Doubt was cast on these assertions, however, by repeated reports of Japanese military, naval and air concentrations on the island of Hainan and elsewhere, presumably in preparation for a push to the southward. During January friction arising from the claims presented by Thailand for recovery of territory from prostrate Indo-China developed from border incidents into an undeclared war.⁴⁹ Japan succeeded in inducing the parties to accept its mediation of the dispute, and an armistice was signed on January 30. The peace conference assembled in Tokyo on February 7, and a territorial agreement favorable to Thailand was concluded several weeks later. During these negotiations Japanese forces in northern Indo-China were reinforced and a small detachment of troops was landed at Saigon,

⁴⁸ *Department of State Bulletin*, January 18, 1941, p. 85. See Document 30, p. 213.

⁴⁹ See Roth, cited.

ostensibly to supervise the details of the armistice. Japanese warships in considerable strength were operating off the coasts of Indo-China and Thailand and numerous press reports asserted that Japan was demanding, as the price of mediation, the right to establish air, naval and military bases in either or both countries.⁵⁰ Such bases would bring her within easy striking distance of the Netherlands Indies and Singapore.

Whatever the truth in these reports the British government, which was doubtless better informed than the public at large, chose this moment to make an ostentatious display of strength in the south Pacific. British and Australian air squadrons were sent to reinforce the defenses of British Malaya, waters adjacent to Singapore were mined, and troops were moved to the Thailand border. The climax was reached on February 13, when the Australian Advisory War Council announced that the situation was one of "the utmost gravity," and hastily summoned a Cabinet meeting. This was attended by Sir Robert Brooke-Popham, who had been sent out from England in November to take charge of co-ordinating British defense efforts in the Far East.

The United States backed the British stand by various gestures, including renewal of the warning to its nationals to leave the Far East. On February 11, just as the new Japanese Ambassador, Admiral Nomura, arrived in Washington, President Roosevelt told his press conference that although he did not anticipate war with Japan, such an eventuality would not interfere with American aid to Great Britain.⁵¹ This was a clear intimation that neither German hopes of blocking aid to Britain by a Japanese diversion in the Orient, nor Japanese hopes that England's danger would divert American attention from the Far East, were likely to be realized. On the following day the President asked Congress for an additional defense appropriation including funds for harbor improvements and fortifications in Guam, Samoa and Alaska.⁵² These were promptly voted although Congress had refused funds for Guam on two previous occasions. On February 15 Secretary Hull renewed his conversations with the British, Australian and Dutch envoys.⁵³

⁵⁰ Thailand officially denied that her delegates were authorized to discuss such questions.

⁵¹ *New York Times*, February 12, 1941.

⁵² *Ibid.*, February 13, 1941.

⁵³ *Ibid.*, February 16, 1941.

The brief war scare produced by the Australian *démarche* of February 13 soon subsided, but there was evidence that Japan had been thoroughly alarmed. On February 18 the Foreign Office issued a statement calculated to calm the apprehensions of the Japanese public and to reassure foreign powers as to Japan's peaceful intentions. This brought an immediate response from Under Secretary Welles, who observed that the United States government was more interested in deeds than in words.⁵⁴ It was revealed that American bombers purchased by Britain were being flown to Singapore, and that former American navy pilots were acting as flying instructors in the Netherlands Indies.⁵⁵ The United States reinforced its own air strength in the Philippines and Alaska,⁵⁶ while more Australian troops were landed at Singapore. Insistent demands from Diet members and others for a clarification of Japanese policy brought a statement from Premier Konoye on February 26: "The government is not pessimistic concerning future Japanese diplomacy toward the United States. Nothing shall daunt the government in its fight in the cause of justice, but, on the other hand, it is trying its utmost to see that there is real understanding regarding the real intentions of Japan."⁵⁷

More oil was poured on the diplomatic waters by a conversation between Prime Minister Churchill and Ambassador Shigemitsu on February 24. While no official account of this interview was made public, the Japanese press went so far as to claim that it had "wiped out existing suspicions" and "laid the cornerstone on which new relations can be built."⁵⁸ This was undoubtedly overoptimistic; London reports asserted rather that Mr. Churchill had assured the Japanese ambassador that the recent British troop movements indicated an attitude which while firm was purely defensive.

The Thai-Indo-China peace treaty was finally initialed on March 11. Japan had achieved a *succès d'estime*, but had secured no further military concessions from either country. In fact the Japanese troops which had been sent to Saigon were subsequently withdrawn. It was clear that Britain and the United States, by a show of force and a rather effective use of the "war

⁵⁴ *Ibid.*, February 19, 1941.

⁵⁵ *New York Herald Tribune*, February 21, 1941.

⁵⁶ *New York Times*, February 21, 28, 1941.

⁵⁷ *Ibid.*, February 27, 1941.

⁵⁸ *Asahi*, quoted in *New York Times*, February 26, 1941.

of nerves" technique, had succeeded in checking Japan's diplomatic offensive in Southeast Asia—for the time being. At the same time both the United States and Great Britain were careful not to close the door on negotiations with Japan.

Arsenal of Democracy

Following the February crisis, tension in the Pacific relaxed somewhat. During the spring of 1941 Japan maneuvered to put herself in a position for further offensive moves if and when military developments in the West should offer a suitable opportunity. The United States maintained a firm front, while American, British and Dutch defenses in the South China Sea were gradually strengthened against future eventualities. At the same time the United States was careful to avoid any action which Japan might construe as provocative. The resulting pattern of events, which proved confusing to observers in both countries, must be viewed against the background of American foreign relations as a whole.

During this period the United States was moving steadily toward more active involvement in the European war—so far indeed that the boundary between belligerency and non-belligerency seemed to be wearing thin. Following the passage of the Lend-Lease Bill, President Roosevelt emphasized its significance in a ringing speech on March 15: "The world has been told that we, as a united nation, realize the danger which confronts us—and that to meet that danger our democracy has gone into action . . . This decision is the end of any attempts at appeasement in our land; the end of urging us to get along with the dictators; the end of compromise with tyranny and the forces of oppression . . . There is no longer the slightest question or doubt that the American people recognize the extreme seriousness of the present situation. That is why they have demanded, and got, a policy of unqualified, immediate, all-out aid for Britain, Greece, China, and for all the governments in exile. . . . From now on that aid will be increased—and yet again increased—until total victory has been won . . . Our country is going to be what our people have proclaimed it must be—the arsenal of democracy." The President's main emphasis was on aid to Great Britain, but China was not forgotten: "China likewise expresses the magnificent will of millions of plain people to resist the dismemberment of their

nation. China, through the Generalissimo, Chiang Kai-shek, asks our help. America has said that China shall have our help."⁵⁹

Not only was the flow of war supplies to Britain steadily increased (including shipments of airplanes, etc., to British empire countries in the Far East and to the Netherlands Indies), but the United States itself took certain active steps bringing it closer to a break with Germany. Public discussion during April revealed that the country was not yet ready to endorse the use of American warships to convoy shipments to Britain, but a naval patrol of the Atlantic was established which assisted the British navy at least by providing it with information. On May 27 the President, in a speech stressing America's determination to defend the freedom of the seas, proclaimed a state of national emergency. In June, following the sinking of the American ship *Robin Moor* by a German submarine, the United States froze Axis assets (except Japanese) and broke off consular relations with Germany and Italy. On July 8 it was announced that American troops had occupied Iceland.

The increasingly strong possibility of war between the United States and Germany raised grave problems in the Far East for both Japan and the United States. Japan had engaged to support Germany in the Tripartite Alliance, but did not appear eager to make good on this threat by actually fighting the United States. There were, of course, plenty of loopholes which Japanese ingenuity could discover or devise; but, on the other hand, so long as Hitler's military star remained in the ascendant Japan had no desire to sacrifice the advantages of association with Germany. At the same time a not inconsiderable group in Japan was doubtful both of a German victory and of the benefits which would accrue to Japan thereby; these elements saw safety and prosperity for Japan rather in an advantageous arrangement with the Anglo-American combination.

The United States for its part regarded the danger to America presented by Germany as both greater and more immediate than that presented by Japan, and was anxious to avoid the necessity of fighting in two oceans at once. It recognized the vital role played by Southeastern Asia and the British Pacific dominions in the war against Germany, but hoped to preserve Anglo-American supremacy in this area by diplomacy rather

⁵⁹ *Department of State Bulletin*, March 15, 1941. See Document 31 below, p. 216.

than by force. In the United States, too, as in Great Britain, there were still sectors of opinion in which the idea that by judicious inducements Japan might yet be won over from the Axis to the democratic camp persisted despite all discouragements. Thus both Japan and the United States were pursuing concurrently a policy of intimidation and one of appeasement.

Passage of the Lend-Lease Bill, together with the increasingly critical situation in the Far East, ushered in a new phase of American aid to China in which shipments of American war materials were stepped up and American relations with the Chinese government became more intimate than ever. It was revealed in April that shipments to China had been authorized under the Lend-Lease Bill, and on May 27 it was reported from Chungking that nearly \$100 million worth of lend-lease materials had been contracted for.⁶⁰ This included several hundred fighting planes and other military equipment of various kinds and also industrial machinery and railway materials. The volume of actual shipments, however, was severely limited by the capacity of the Burma road. American experts were assisting in the reorganization of traffic facilities on this vital highway. It was also reported that pilots and mechanics were being released from the United States air force to enlist in the service of China.⁶¹

American assistance to the Chinese government was not confined to physical and technical matters. As early as January Lauchlin Currie and Emile Despres were dispatched by plane to Chungking to report on China's specific needs for supplies and also on general conditions in the country. China was experiencing severe economic difficulties, including a rapid inflation of the currency, and renewed friction between the Kuomintang and the Communists was creating an increasingly grave situation. In the solution of these problems, both economic and political, the Chinese government received advice as well as material assistance from the United States, although little information as to the nature of the advice has been publicly revealed.

On April 25 the American and British credits for currency stabilization, announced in the fall of 1940, were implemented by the signature of agreements creating a stabilization board

⁶⁰ *New York Times*, May 28, 1941.

⁶¹ *New York Herald Tribune*, June 1, August 3, 1941.

headed by K. P. Chen and composed of three Chinese, one American and one British member. On June 28 Chungking announced that Owen Lattimore, a well-known American student of Chinese affairs, had been appointed as personal political adviser to General Chiang Kai-shek, on recommendation of President Roosevelt. In May the United States took advantage of the presence in this country of Dr. Quo Tai-chi, China's new Minister of Foreign Affairs, publicly to reaffirm its expectation that at the close of the war China would be in a position to stand on her own feet and divest herself of the limitations on her sovereignty imposed during the nineteenth century. In a letter to Dr. Quo Secretary Hull confirmed the United States' intention of proceeding, at the close of the war, to negotiate with the Chinese government for the relinquishment of extraterritoriality and other special rights in China.⁶² The British government shortly afterward took similar action.

While thus reaffirming and strengthening its policy of aid to China, the United States likewise found means of conveying to Japan indirect warnings against further aggressive moves in the southern seas. Immediately following the conclusion of the Thai-Indo-China negotiations, Foreign Minister Matsuoka departed for Europe, where he paid visits to Berlin, Rome and Moscow. His tour was interpreted in Berlin and Rome as the harbinger of agreements for concerted action to implement the Tripartite Treaty; Matsuoka's own statements, however, indicated nothing more than a mission of observation and exploration, so far as Germany and Italy were concerned. Doubtless both Matsuoka and the Germans would have liked to reach some concrete agreement, but Japan was taking no chances and Germany was not sure of Japan. What Matsuoka did bring back from Europe was a treaty of non-aggression and neutrality with the Soviet Union, concluded in Moscow on April 13.⁶³ This was

⁶² See Document 32, p. 219.

⁶³ The treaty's principal provisions were as follows:

"Art. 1. Both contracting parties undertake to maintain peaceful and friendly relations between them and mutually respect the territorial integrity and inviolability of the other contracting party.

"Art. 2. Should one of the contracting parties become the object of hostilities on the part of one or several third Powers, the other contracting party will observe neutrality throughout the duration of the conflict."

In an accompanying declaration, the non-aggression pledge was extended to cover Manchukuo and Outer Mongolia.

hailed as a diplomatic triumph in Tokyo, where it was interpreted as freeing Japan's hands for action in the south.

While Matsuoka was seeking to find in Europe some fortification for Japan's position in Asia, the United States was demonstrating its solidarity with China and the British Empire in various moves specifically directed toward the Pacific. During the third week of March an American flotilla of four cruisers and nine destroyers paid a visit to Australia and New Zealand, where they received an enthusiastic welcome. Although the cruise was officially described as being "for good will and recreation," it emphasized the possibility of using American warships in the south Pacific, basing them on Singapore. A further intimation of Anglo-American-Dutch collaboration was given in the two visits of Sir Robert Brooke-Popham to Manila, on April 2 and 9, when he conferred with American naval and military commanders and also with the Dutch Foreign Minister, E. N. van Kleffens, who was on his way from London to Batavia via Washington. Announcement of the Soviet-Japanese treaty was greeted by Secretary Hull with a terse comment calculated to indicate that the United States was not perturbed by this development or by the prospect of Japanese action which it might foreshadow.⁶⁴

Nevertheless the United States refrained from taking further positive action against Japan. In particular the Administration firmly resisted considerable popular pressure for an embargo on oil shipments, which remained high despite the reduction in exports of other war materials. In June an oil shortage threatened to develop on the east coast of the United States as a result of diversion to British use of tankers normally used to transport oil from Gulf ports. To meet this situation, exports of petroleum products were placed under the license system on June 20 and an embargo was imposed on shipments from east coast ports except to the British Empire, Egypt and the western hemisphere. No restriction was placed on shipments from the west coast. These regulations did not, therefore, seriously inter-

⁶⁴ "The significance of the pact between the Soviet Union and Japan relating to neutrality, as reported in the press today, could be overestimated. The agreement would seem to be descriptive of a situation which has in effect existed between the two countries for some time past. It therefore comes as no surprise, although there has existed doubt whether the two governments would or would not agree to say it in writing. The policy of this Government, of course, remains unchanged." *Department of State Bulletin*, April 19, 1941, p. 472.

fere with the Japanese trade, except in the case of Pennsylvania lubricating oil. Further evidence that the United States was handling Japan with gloves was seen in the omission of any reference to Japan in the President's speech of May 27, proclaiming a national emergency, and in the failure to include Japan in the general order of June 14 freezing the assets of Axis nations in this country. The underlying reason for this forbearance lay in diplomatic moves which were then proceeding. During May the State Department had initiated exploratory conversations with Japan designed to find out whether the basis for an agreement existed.⁶⁵

Early in June the Netherlands Indies delivered a rebuff to Japan, with whom she had been pursuing trade negotiations for many months. Japan was seeking a preferential position in the colony's trade, opportunities for investment in mining and agriculture, and also certain concessions of a military or semi-military nature.⁶⁶ To the more far-reaching of these demands the Dutch government had offered firm resistance, and on January 31, during the Thai-Indo-China crisis, it declared that the Netherlands Indies declined to become part of a "new order" under the leadership of any nation.⁶⁷ Tokyo's pressure was relaxed thereafter, but in May the Japanese returned to the attack. They secured on May 5 renewal of the oil agreement concluded in November 1940, the provisions of which had not been fully carried out owing to a shortage of shipping, but failed to induce the Dutch to release their own tankers for the Japanese trade. The Dutch also demanded assurances that supplies of tin, rubber, etc. shipped to Japan would not find their way to Germany. On May 31 Mr. Yoshizawa, head of the Japanese mission, delivered a kind of subdued ultimatum, and tension rose throughout the Pacific. The Dutch reply, delivered on June 6, was described by Japan as unsatisfactory. Nevertheless no further action was taken and the Japanese delegation withdrew from Batavia amid amiable protestations on both sides. It was clear that the Japanese were afraid to force the issue at this time. Japanese spokesmen claimed that British and American influence was responsible for Dutch intransigence, which seems

⁶⁵ See below, Chapter XIII.

⁶⁶ See Ellen van Zyll de Jong, "Showdown at Batavia?," *Far Eastern Survey*, June 16, 1941, p. 123.

⁶⁷ *New York Herald Tribune*, February 2, 4, 1941.

very probable although if any assurances had been given to the Dutch they were not made public. The only outward sign was Secretary Hull's repetition on June 6 of previous statements to the effect that the United States was interested in the preservation of the *status quo* in the Netherlands Indies.⁶⁸

Thus matters stood as the Nazi attack on the Soviet Union opened a new chapter in the diplomacy of the second world war. The policy which the United States government had been pursuing in the Far East seemed reasonably clear. That policy was to supply China with materials which would enable her to keep Japan actively engaged and eventually to take the offensive. With the Chinese still in the field, Japan would hesitate to launch a drive in Southeast Asia which would embarrass the United States and Great Britain in their struggle against Germany. As a further deterrent, British, American and Dutch defense forces in this area were being strengthened although not to the point, as it turned out, of being adequate to stave off an all-out attack. Restriction of exports under the defense regulations, meanwhile, was believed to be slowly undermining Japan's economic strength. But at the same time the United States refrained from applying the full potential weight of economic pressure. Japan was permitted to continue normal trade in commodities not urgently required for the defense of America and Britain. Shipments of American-owned oil from the United States and the Netherlands Indies were allowed to continue, because it was feared that their interruption would cause Japan, in desperation, to strike southward and thus force the United States to acquiesce or fight.

The object of this policy was to keep Japan busy in China, to hold her southward drive in check, to keep her guessing, to weaken her slowly by gradual application of economic pressure, but to avoid any sudden or drastic action which might precipitate war in the Pacific, at least until accounts had been settled with Hitler. This policy was based on the assumption that the defeat of Hitler was the first order of business, to which all else must be subordinated for the time being. Japan could be dealt with later. In the meantime she must be kept quiet—intimidated if possible, pacified if necessary. Supporters of this policy asserted that limited concessions to Japan were justified on tactical grounds in the existing critical situation, but firmly

⁶⁸ *New York Times*, June 7, 1941.

denied that they represented "appeasement" in the sense that they were based on the same illusions which had brought that term into disrepute.

The wisdom of this policy was challenged by certain sections of American opinion on both strategic and political grounds. These tactics, it was said, merely encouraged Japan gradually but steadily to expand the area under control, at relatively small cost. Furthermore, they resulted in the tying up of a considerable part of British and American armed strength in the Pacific. Since the "new order" had to be challenged eventually, the argument ran, the sooner the better. Sound strategy dictated that the weakest opponent be dealt with first, and Japan represented the weakest end of the Axis. These critics contended that the Japanese threat should be eliminated without further delay by an all-out economic offensive backed by military force if necessary. The United States could then face Hitler without fear of an assault on its rear. A strong stand, taken in time, might avert war in the Pacific; a hesitant policy ran the risk of war at a moment most inconvenient for the United States.

Some critics further contended that the American policy was in fact "appeasement" not only in its objective results but also in that it was based on the hope, which they considered illusory, of an eventual accommodation with a Japan purged of its more extreme military leaders, rehabilitated under a business man's government, and dedicated to a less violent but still essentially imperialistic conception of the "new order." Powerful elements in the American government, it was said, while deploring Japan's excesses in China, did not wish to destroy her military power but rather to preserve it as a counterweight against the Soviet Union. While such views were undoubtedly entertained in some quarters in Washington, the record seemed to indicate that neither Japan nor the United States was prepared voluntarily to make sufficient concession to the other's point of view to secure agreement on fundamental issues.

On June 22, 1941, with the same dramatic suddenness as on previous occasions, the full force of the Nazi blitzkrieg was launched against the Soviet Union. The date marked the opening of a new chapter in American Far Eastern policy as the United States sought unsuccessfully to cope with a Japan grown increasingly bold and threatening.

CHAPTER XIII

FROM SAIGON TO PEARL HARBOR

During the latter half of 1941, Far Eastern diplomacy and military activity were increasingly affected by the menacing advances of the German armies in Soviet Russia. As Washington and London drew closer together, notably in the Atlantic conference of August, the problems raised by Japan's actions in the Pacific bulked larger than at any previous time.

To the aggressive expansionists in Tokyo, the mounting Nazi successes in Russia offered two major possibilities. One was an invasion of Siberia and the occupation of Russia's Far Eastern territories, the other was seizure of the Anglo-American-Dutch possessions in Southeast Asia. The latter's material resources, its oil, tin, rubber and other strategic commodities, were richer and more inviting. Not only were the prospective economic benefits greater; in addition, the military risks were less formidable. Previous engagements in Siberia and Outer Mongolia, at Changkufeng in July 1938 and Nomonhan in the summer of 1939, had given the Japanese a healthy respect for Soviet arms, while the threat of bombing attacks on Japanese cities from the relatively closer Siberian bases was a further powerful deterrent to a move in the north.

The first significant Japanese stroke came one month after the German invasion of Russia—and then it was the military occupation of southern Indo-China, including the strategic area of Saigon and Cam Ranh Bay. Although this move turned out to be prophetic of Japan's intentions, the irrevocable commitment was delayed for several months longer. In this period Japanese diplomacy made an intensive effort to neutralize American opposition, but failed.

Occupation of southern Indo-China in July 1941 climaxed the southward advance which Japan had been making step by step as opportunity presented since the attack on China began four years earlier. The sequence and timing of these steps are instructive. Japanese forces occupied the Canton area in October 1938, following the Munich settlement. The growing Eu-

ropean crisis facilitated seizure of Hainan Island in February and the Spratly Islands in March 1939. Northern Indo-China was occupied during the Battle for Britain in September 1940. With southern Indo-China in their hands, the Japanese held the final operational base required for the attack on Southeast Asia.

The Washington authorities clearly appreciated this latter fact. Sumner Welles, Acting Secretary of State, pointedly alluded to it in a press statement of July 24,¹ while President Roosevelt told the Japanese Ambassador on the same day that the U.S. Government could only assume that the occupation "was being undertaken by Japan for the purpose of further offense."² During this significant conversation³ the President also reminded the Ambassador that the U.S. Government had been permitting oil exports to Japan "primarily for the purpose of doing its utmost to . . . preserve peace in the Pacific region," despite "the bitter criticism that had been leveled against the administration."⁴ The warning implicit in this statement to the Ambassador was fulfilled on the next day when the President issued an executive order freezing all Japanese assets in the United States, the effect of which soon brought about a virtual cessation of trade between the United States and Japan. Similar steps were taken by the governments of Great Britain, the Dominions, and the Netherlands.

The reasoning which lay behind the adoption of a strict embargo policy at this time, when Japan was carrying through a military occupation of southern Indo-China, is presented by the State Department in the following terms: "Japan's constant expansion of its military position in the southwest Pacific had already substantially imperiled the security of the United States along with that of other powers. By this further expansion of its field of aggression Japan virtually completed the encirclement of the Philippine Islands and placed its armed forces within striking distance of vital trade routes. This created a situation in which the risk of war became so great that the United States

¹ For text, see Document 34 below, p. 221.

² *Peace and War*, Government Printing Office, Washington, D. C., 1943, p. 125; Document 220, pp. 699-703.

³ It also included a proposal by the President for the neutralization of Indo-China. See below, p. 131.

⁴ *Ibid.*, Document 220, pp. 699-700. During an informal address at the White House on the same day, the President publicly defended the administration's policy of allowing oil to go to Japan on the ground that it had succeeded in keeping war out of the South Pacific. See Document 33 below, p. 220.

and other countries concerned were confronted no longer with the question of avoiding such risk but from then on with the problem of preventing a complete undermining of their security. In these circumstances the Government of the United States decided at that point, as did certain other governments especially concerned, that discontinuance of trade with Japan had become an appropriate, warranted, and necessary step—as a warning to Japan and as a measure of self-defense.”⁵

Diplomatic contacts with other governments on Far Eastern issues, such as made possible the simultaneous application of an embargo against Japan at the end of July, were being intensified during the summer of 1941. In particular, collaboration between the United States and Great Britain was becoming steadily more intimate. On August 9 Secretary Hull, in conversation with the British Ambassador, envisaged the possibility that Japan might strike across the Indian Ocean and thereby cut off British trade routes and supply sources. In this eventuality he noted that action by the United States to check Japan would “be more or less affected by the British defensive situation in Europe and hence by the question of the number of American naval vessels and other American aid that may be needed by Great Britain at the same time.” In case Japan moved further south, the Secretary declared, the two governments “should naturally have a conference at once,” when the United States would “be able to determine more definitely and in detail its position as to resistance.”⁶

While this conversation was being held in Washington, President Roosevelt and Prime Minister Churchill were meeting at sea in the Atlantic Conference. There the two leaders, in addition to agreeing upon the terms of the Atlantic Charter, canvassed the problem of supplying munitions of war, as provided by the Lend-Lease Act, both for the United States and for countries actively engaged in resisting aggression. The supply position of China was apparently reviewed at this time, leading to the increased munitions shipments which were reaching Rangoon during the period immediately prior to December 7. A general discussion of the situation in the Far East took place, and “it was agreed that the United States and Great Britain should take parallel action in warning Japan against new moves of aggression. It was agreed also that the United States should

⁵ *Peace and War*, cited, pp. 126-7.

⁶ *Ibid.*, p. 128; Document 226, p. 711.

continue its conversations with the Japanese Government and by such means offer Japan a reasonable and just alternative to the course upon which that country was embarked."⁷

Exploratory conversations between the governments of Japan and the United States had been proceeding in secret since early May.

Japan's reasons for entering upon these conversations are conjectural. It may be doubted whether the Japanese authorities actually believed that the proposals which they advanced would be accepted by the United States. They may well have thought that diplomatic exchanges of the type carried on would tend to neutralize American opposition. In the final stage, especially after Mr. Kurusu entered the picture, it seems clear that the new Tokyo Cabinet, headed by General Hideki Tojo, sought to use the negotiations as a screen for the surprise attack on Pearl Harbor.

The reasons which led President Roosevelt and Secretary Hull to engage in these exchanges are on record. Both men, according to the State Department's survey of United States foreign policy in the 1931-41 decade, felt that Japan had probably "gone so far in a policy of conquest that it would be impossible to persuade her to stop." Even the faint hope of a settlement, however, encouraged them to undertake a preliminary exploration of the basic issues. They were also moved by "the desirability of guarding against Japanese advances upon the relatively weak defenses of United States territory in the western Pacific and of territory of friendly nations in that area."⁸

The first exchange of draft proposals was completed during the six weeks which immediately preceded Hitler's attack on the Soviet Union. Japan took the initiative on May 12, 1941, when Ambassador Nomura handed to Secretary Hull a proposal for a general settlement of Japanese-American issues. The terms of this proposal, as outlined in the State Department summary with occasional quotations from the original draft, may be presented as follows:⁹

⁷ *Ibid.*, p. 129.

⁸ *Ibid.*, p. 120. The State Department carefully defines these exchanges as "exploratory conversations" designed to find out "whether there was sufficient agreement on basic issues to warrant entry upon more formal negotiations." These conversations proceeded for some eight months right up to Pearl Harbor and involved the exchange of several draft proposals by the two parties.

⁹ *Ibid.*, p. 121; Document 209, pp. 656-62.

General statements

expression of hope for establishment of "a just peace in the Pacific."

affirmation of Japan's peaceful intentions.

Tripartite Pact

stated to be "defensive and designed to prevent the nations which are not directly affected by the European war from engaging in it."

Proposed U.S. undertakings toward China

forthwith to "request the Chiang Kai-shek regime to negotiate peace with Japan."

should this request be denied, the United States would "discontinue her assistance to the Chiang Kai-shek regime."

Principles to govern Japan's attitude toward China

neighborly friendship; no annexations or indemnities; mutual respect for sovereignty and territories.

independence of "Manchukuo."

"withdrawal of Japanese troops from Chinese territory in accordance with an agreement to be concluded between Japan and China."

joint defense against communism, involving the right of Japan to station troops in Chinese territory.

Mutual undertakings on Japanese-American economic questions

to supply the commodities each required.

to bring about resumption of normal trade relations.

Unilateral undertaking by the United States

that as "Japanese expansion in the direction of the southwestern Pacific area is declared to be of peaceful nature, American cooperation shall be given in the production and procurement of natural resources (such as oil, rubber, tin, nickel) which Japan needs."

Philippines

that the United States and Japan should "jointly guarantee the independence of the Philippine Islands on the condition that the Philippine Islands shall maintain a status of permanent neutrality."

On June 21 Secretary Hull handed to the Japanese Ambassador a counter-proposal, embodying the following points:¹⁰

¹⁰ *Ibid.*, pp. 122-3; Document 213, pp. 677-83.

Mutual affirmations by both governments

that their national policies were directed toward the foundation of a lasting peace and the inauguration of a new era of reciprocal confidence and cooperation between the two peoples.

that the basic policy of each country was one of peace throughout the Pacific area and that each disclaimed territorial designs there.

Suggested formula on the Tripartite Pact

that the "Government of Japan maintains that the purpose of the Tripartite Pact was, and is, defensive and is designed to contribute to the prevention of an unprovoked extension of the European war" and

that the "Government of the United States maintains that its attitude toward the European hostilities is and will continue to be determined solely and exclusively by considerations of protection and self-defense."

United States action toward China

A suggestion by the United States to China that China and Japan enter into negotiations, provided that Japan first communicate to and discuss with the United States the general terms which Japan contemplated proposing to China.

Mutual assurances on economic questions

that each country would supply the other with such commodities as were required and were available

that steps would be taken to resume normal trade relations.

Provision for mutual cooperation

toward obtaining non-discriminatory access by peaceful means to supplies of natural resources which each needed.

Provision on the Philippines

that Japan declare its willingness to negotiate with the United States, at such time as the latter might desire, with a view to concluding a treaty for the neutralization of the Philippine Islands when Philippine independence should have been achieved.

In this preliminary exchange of draft proposals, the central issues which continued to block a settlement in ensuing months were already fully revealed. Japan would not translate its vague assurances of pacific intent into clear-cut and binding commitment to a course of peace and a cessation of territorial aggres-

sion. The advance into southern Indo-China, coming one month after the above exchange was completed, afforded a practical demonstration of Japanese policy in this respect. Nor would Japan renounce or modify its obligations under the Tripartite Pact. On the contrary, "there was implicit throughout the discussions a Japanese threat that if the United States should become involved in war with Germany the Japanese Government, in accordance with the terms of the pact, would make war on the United States.¹¹ Finally the terms of settlement of the Sino-Japanese conflict presented an insoluble problem. Aside from the Manchurian issue, there was never any prospect that Japan would completely withdraw its troops from the provinces south of the Wall or provide for the full establishment therein of Chinese sovereignty and administrative integrity. After July, moreover, the same issue existed with respect to Indo-China.

The Soviet-German war began on the day after Secretary Hull's draft proposal was handed to the Japanese Ambassador. For a month thereafter the diplomatic exchanges were at a standstill. Then the Japanese proceeded to occupy southern Indo-China. At this point the threads of the diplomatic story become more numerous and complicated. Into the story enter the issue of Indo-China itself, the action taken to freeze Japanese assets, the warnings to Japan issued by Great Britain and the United States following the Atlantic Conference, the Japanese effort to bring about a personal meeting between President Roosevelt and Prince Konoye, and, lastly, the continued exchange of Japanese and American draft proposals looking toward a general settlement.

In his interview with the Japanese Ambassador on July 24,¹² the President had offered a plan for the neutralization of Indo-China, to be supported by international guarantees, if and when Japanese forces were withdrawn. Japan's reply, not received until August 6, brushed this offer aside by returning to the earlier Japanese proposals of May 12 and treating Indo-China as a *fait accompli*. When Secretary Hull informed Ambassador Nomura on August 8 that the reply was not responsive to the President's proposal regarding Indo-China, the Ambassador took a new tack by inquiring whether a meeting between

¹¹ *Ibid.*, pp. 135-6.

¹² See above, p. 126.

the responsible heads of the two governments could be arranged.¹³ This suggestion was to be insistently pressed by Tokyo during the next two months.

The United States and other powers concerned had meanwhile taken action to freeze Japanese assets. In addition, the decision to issue parallel warnings to Japan reached by the President and Prime Minister at the Atlantic Conference was now carried into effect. In a transatlantic broadcast on August 24, the Prime Minister revealed that the United States government was "laboring with infinite patience to arrive at a fair and amicable settlement which will give Japan the utmost reassurance for her legitimate interests."¹⁴ In case these negotiations failed, he then warned, Britain would range herself "unhesitatingly at the side of the United States."

The American warning had been delivered in private a week earlier. In a document which President Roosevelt handed to the Japanese Ambassador on August 17, reference was made to Japan's continued military activities in the Far East while the two countries were seeking to reach a sound basis for negotiation. In the circumstances, it was stated, the Government of the United States "finds it necessary to say to the Government of Japan that if the Japanese Government takes any further steps in pursuance of a policy or program of military domination by force or threat of force of neighboring countries, the Government of the United States will be compelled to take immediately any and all steps which it may deem necessary toward safeguarding the legitimate rights and interests of the United States and American nationals and toward insuring the safety and security of the United States."¹⁵

A second document, also handed to the Ambassador by the President during this meeting, laid the basis for a resumption of the conversations. Exception was taken in this document and in the interview to Japan's expansionist activities. A clearer statement of the Japanese attitude and plans was requested before the Ambassador's suggestion for a renewal of the conversa-

¹³ *Peace and War*, cited p. 128; Documents 224, 225, pp. 707-10.

¹⁴ *New York Times*, August 25, 1941. This statement marked the first clear notice to the general public that such Japanese-American negotiations were in progress. Intimation of diplomatic activity had been elicited from Secretary Hull by Washington correspondents during the previous week, while inaccurate press reports had appeared early in June.

¹⁵ *Peace and War*, cited, p. 129; Document 228, pp. 712-13.

tions or a meeting of the heads of the two governments be carried further. On August 28 the Ambassador delivered a message to the President from Premier Konoye urging that a personal meeting between them be arranged as soon as possible instead of waiting for conclusions to be reached from the preliminary conversations. In later communications it was indicated that the Prime Minister would be attended by high military and naval officers, as well as the normal diplomatic staff, and would probably proceed to the meeting in a warship. A statement accompanying Premier Konoye's message expressed general agreement, despite certain qualifications, with the broad principles which the United States authorities were advocating. In his reply of September 3, the President welcomed the opportunity to collaborate with Premier Konoye but indicated that preliminary agreement was required on the practical application of principles fundamental to the attainment of peaceful relationships. The four principles regarded as fundamental, he declared, were "respect for the territorial integrity and the sovereignty of each and all nations; support of the principle of non-interference in the internal affairs of other countries; support of the principle of equality, including equality of commercial opportunity; non-disturbance of the *status quo* in the Pacific except as the *status quo* may be altered by peaceful means."¹⁶

A revised Japanese proposal of September 6 did not square with these principles, but throughout the month Japan's authorities continued to press for a meeting between the President and Premier Konoye. On October 2 Secretary Hull reiterated to the Japanese Ambassador that a clear agreement on basic principles was required in order to lay a firm foundation for the proposed meeting.¹⁷ While the conversations at Washington continued, there was no approach toward common agreement. At this point, in mid-October, the Konoye government was succeeded by a new Cabinet headed by General Hideki Tojo, who also held the concurrent posts of War Minister and Home Minister. During November, while the new Cabinet was sending Mr. Saburo Kurusu to assist Ambassador Nomura in the conversations, Ambassador Grew dispatched warnings that Japan's strength should not be discounted and that vigilance

¹⁶ *Ibid.*, p. 131; Document 232, pp. 728-32.

¹⁷ *Ibid.*, pp. 134-35; Documents 234, pp. 735-6, and 241, pp. 756-61.

against a possible surprise attack was necessary.¹⁸ Addresses by Secretary of the Navy Knox and Under Secretary of State Welles on November 11, calling attention to danger in the Pacific, provided the first official intimation to the American public of the critical nature of the Far Eastern situation. Conversations which followed the arrival of Mr. Kurusu in Washington registered no progress; the attitudes of both sides were fully summed up in a Japanese proposal of November 20 and an American counter-proposal of November 26.¹⁹ The respective positions were as wide apart as they had been six months earlier, particularly on questions affecting the Japanese troops in Indo-China, the continued occupation of China itself, and Japan's obligations under the Tripartite Pact.

During the last week of November Secretary Hull emphasized to Cabinet officials the critical nature of the Japanese situation and indicated to the British Ambassador that "the diplomatic part of our relations with Japan was virtually over and that the matter will now go to the officials of the Army and the Navy."²⁰ Heavy Japanese troop movements in Indo-China at this time were evasively accounted for by the Japanese Ambassador on December 5, in reply to the President's request of December 2 for the "actual reasons" behind such a concentration. On December 6 the President telegraphed a personal message to the Emperor of Japan, stressing the "tragic possibilities" of developments in the Pacific area, noting the threat to peace which existed in Indo-China, and bespeaking the Emperor's cooperation in "dispelling the dark clouds."²¹ On December 7, while bombs were falling on Pearl Harbor, the Japanese Ambassador and Mr. Kurusu delivered to Secretary Hull a final Japanese memorandum which belligerently summarized Japan's attitude and concluded by stating that "agreement through further negotiations" was considered "impossible."²² The Japanese envoys were instructed by Tokyo to deliver this note at 1 p.m. Washington time—evidently the moment set by the Japanese military authorities for the attack on Hawaii.²³ Several hours

¹⁸ *Ibid.*, pp. 135-36; Documents 245, pp. 772-5, and 250, pp. 788-9.

¹⁹ *Ibid.*, pp. 141-43; Documents 254, pp. 801-2, and 257, pp. 810-12.

²⁰ *Ibid.*, p. 144; Document 260, pp. 816-17.

²¹ *Ibid.*, p. 147; Document 264, pp. 829-31.

²² *Ibid.*, p. 148; Document 265, pp. 831-38.

²³ The note was actually delivered at 2:20 p. m. owing to delay in decoding, while the bombing of Pearl Harbor began at 1:20 p. m.

later the Japanese Foreign Minister notified Ambassador Grew at Tokyo that the memorandum delivered in Washington should be regarded as the Emperor's reply to President Roosevelt's message; the Emperor trusted, said the Foreign Minister orally, that the President was "fully aware" of the fact that establishment of "peace in the Pacific" had been "the cherished desire of His Majesty for the realization of which he has hitherto made his Government continue its earnest endeavors."²⁴ Still later, at 9 p.m. Washington time, the American Embassy at Tokyo received notice from the Japanese Foreign Minister, dated December 8, that "there has arisen a state of war between Your Excellency's country and Japan beginning today."

²⁴ *Peace and War*, pp. 148-9; Document 266, pp. 838-9.

CHAPTER XIV

THE PACIFIC WAR

Since December 7, 1941 the prosecution of a major war in the Pacific has become, for the first time in American history, the central preoccupation of United States policy in that area. The defensive aspect of the early stages of the war, following Japan's rapid sweep through Southeast Asia, was prolonged by the urgent necessity of concentrating the maximum forces of the United Nations against Germany in Europe. Not until late in 1943 did it become possible to initiate a continuously developing series of large-scale offensive operations in the Pacific,¹ while significant land operations in Burma did not begin until 1944. By the middle of 1944, however, sufficient forces had been accumulated in the Pacific to carry the war to Japan even while the invasion of western Europe was being undertaken.

Under these conditions the battle of production within the United States represented the crucial factor which underlay all other aspects of policy. Only as ships, planes, and trained personnel became available in the required amounts could forces be allocated to the Pacific adequate to check, and ultimately reverse, Japan's threatening advance. American Far Eastern policy, as such, was largely restricted during this period to the measures needed to facilitate joint operations with the other United Nations engaged in the struggle against Japan. The concerting of military strategy, establishment of unified inter-Allied commands, the lend lease operations, and the handling of common supply problems constituted the routine tasks involved in the conduct of the war. Complex relations established with Australia and New Zealand, as well as with British India, added a new dimension to the traditional scope of American policy in the Far East. China, moreover, continued to be a major field of American concern, notably with respect to development of airborne supply from India, formation of General

¹ For detailed summary of the military phases of the Pacific war to March 1, 1944, see text of Admiral King's report, *Army and Navy Journal*, April 29, 1944, pp. 1039 ff.

Chennault's 14th Air Force, and training of the Chinese divisions under General Stilwell's command.

On a limited range of issues arising during the war, the United States has maintained indirect diplomatic contact with Japan through the good offices of the Swiss authorities.² By this means arrangements were made for the exchange of two groups of American and Japanese nationals. Approximately 2,500 American nationals were thus repatriated on the *Gripsholm*, but in 1944 some 10,000 American civilians were still held in Japanese camps—mainly in the Philippines, where only a handful has been permitted to leave.³ Through the Swiss officials, also, the American government made efforts to halt the gross mistreatment of American civilian internees and especially of war prisoners.⁴ While certain phases of the treatment accorded Japanese in the United States was the subject of legitimate criticism, notably in connection with the uprooting of enemy aliens and citizens alike on the Pacific Coast,⁵ there could be no comparison with the brutalities and systematic malnutrition inflicted by the Japanese authorities on American nationals in eastern Asia.

Among the few diplomatic highlights of American policy which stood out against the routine background of the Far Eastern war may be included the abolition of extraterritoriality in China, the liberalization of immigration and naturalization laws affecting Chinese, and the decisions reached at the Cairo conference. Of these, the abolition of foreign extraterritorial and related privileges in China marked the first great positive achievement of the Far Eastern struggle. It meant that China would emerge from the war with its sovereignty fully restored and would thus attain its rightful position as one of the major independent powers in the Pacific. This step also represented the logical outcome of principles embodied in the Nine-Power Treaty on which historic American policy in the Far East had rested.⁶

² For topical list and summary of these contacts, see *State Department Bulletin*, February 5, 1944, pp. 146-51.

³ *State Department Bulletin*, January 15, 1944, pp. 77-84.

⁴ *Ibid.*; also *New York Times*, February 12, 1944 for text of protest of January 27, 1944.

⁵ For a careful study of the evacuation problem in its earlier period, see Carey McWilliams, *Japanese Evacuation: Interim Report*, Mont Tremblant Conference Documents, American Council Paper No. 4.

⁶ See above, pp. 23-4.

Abolition of Extraterritorial System

The treaties formally sweeping the old system into the discard were signed by China with the United States and Great Britain on January 11, 1943. Preliminary announcement of the contemplated treaties was made on October 10, 1942—anniversary of the foundation of the Chinese Republic. Historic fitness was also served by the fact that the first unequal treaty with China had been concluded in August 1842, a century earlier.

Since the last war China had already breached the unequal treaty system in a number of respects, particularly in the winning of tariff autonomy and the regaining of certain leaseholds and concessions.⁷ These gains still left unimpaired a series of important privileges held by the treaty powers, chiefly Britain, France, Japan and the United States, which affected extraterritorial jurisdiction, several major leaseholds and concessions, merchant and naval shipping, and foreign troops garrisoned on Chinese soil. Continuance of the remaining treaty rights, however, hinged mainly on the extraterritorial system, which thus became the crux of the problem.

In the period 1927-28, when the National Government was established at Nanking, several diplomatic approaches had been made toward abolition of the extraterritorial system. Considerable progress was achieved in secret negotiations with the United States and Britain during 1931, until the Japanese invasion of Manchuria occurred. There negotiations were renewed in 1937, but were interrupted by the Japanese assault on China. Public expression of the American government's willingness to negotiate for abolition of extraterritorial jurisdiction in China was formally given on May 31, 1941 in an exchange of letters between Secretary Hull and Foreign Minister Quo Tai-Chi.⁸ Finally, on October 9, 1942, the American government informed the Chinese Ambassador that it was prepared to enter on negotiations for "immediate relinquishment" of extraterritorial rights and would shortly submit a draft treaty toward that end.⁹

The treaty, as concluded on January 11, 1943, abrogated extraterritorial rights and stipulated that American nationals in

⁷ See above, pp. 26 ff.

⁸ See above, pp. 26 ff.: also Document 32, p. 219.

⁹ For details of these preliminary moves, see *State Department Bulletin*, October 10, 1942, pp. 805-08. The draft treaty was submitted to China on October 24.

China should become subject to Chinese jurisdiction. American rights under the Boxer Protocol of 1901, including the right to station troops between Peiping and the sea and rights in the diplomatic quarter at Peiping, were terminated. Special provision, however, was made for continued use for official purposes of the land in the diplomatic quarter on which stood buildings owned by the American government. American rights in relation to the international settlements at Shanghai and Amoy were also terminated. The United States agreed to cooperate with China in reaching agreements with other governments for transfer of the administration and control of the diplomatic quarter at Peiping and of the Shanghai and Amoy settlements. Provision was made for the protection of existing rights and titles to real property in China held by American nationals or the American government. The Chinese government agreed to accord to American nationals the same right to travel, reside and carry on trade throughout China which Chinese nationals had long enjoyed in the United States. The two countries also agreed to enter into negotiations at a suitable time for the conclusion of a comprehensive modern treaty of friendship, commerce, navigation, and consular rights.

By an exchange of notes accompanying the treaty, the United States relinquished special rights formerly possessed by its naval vessels in Chinese waters and special rights which its merchant vessels previously held in relation to inland navigation and the coastal trade. Normal international practice was made reciprocally applicable in regard to admission of merchant vessels into ports open to overseas merchant shipping, treatment of merchant vessels in such ports, and visits by naval vessels. Treaty ports as such were abolished, but all coastal ports in Chinese territory normally open to American overseas merchant shipping were to remain open to such shipping after the coming into effect of the treaty. Certain provisions were also made with respect to other matters, such as the continuing validity of past orders and decisions of the United States Court for China and the United States consular courts, and the disposition of cases pending before such courts.¹⁰

The British treaty with China is similar to the American treaty both as regards the main document and the supple-

¹⁰ For text of treaty and notes, see Document 35, p. 223.

mentary exchange of notes.¹¹ In addition to providing for relinquishment of British administrative rights affecting the diplomatic quarter at Peiping and the Shanghai and Amoy settlements, it also abrogates British rights in relation to concessions held in Canton and Tientsin. A third treaty in this series, entered into by Canada and China, was concluded on April 14, 1944 along the same lines.¹² These treaties, especially in view of the provision for diplomatic cooperation with China in respect to special rights held by other governments, have laid the basis for full establishment of China's juridical equality. If Japan be excepted, France now constitutes the last of the major treaty powers formerly possessing extensive special privileges in China. With defeat Japan's present controlling position will be lost,¹³ while the French authorities will undoubtedly associate themselves with the moves being taken by Britain and the United States. The transition now in process will be essentially completed when Chinese administrative control is established in the former settlements and concessions and when China has concluded modern treaties with the various foreign powers.¹⁴

Repeal of Chinese Exclusion Acts

A significant departure in American immigration policy occurred on December 17, 1943, when the President signed a Congressional enactment repealing exclusion laws relating to Chinese.¹⁵ Hearings on four bills which began May 19 before the House Committee on Immigration and Naturalization had

¹¹ For text, see *China at War* (New York, Chinese News Service), March 1943, pp. 87-96.

¹² *New York Times*, April 15, 1944.

¹³ In 1942-43 Japan formally "surrendered" its extraterritorial rights to the Nanking puppet regime.

¹⁴ Certain issues with regard to foreign leaseholds still remain to be adjusted. The Chinese authorities are pressing for rendition of the British-held Kowloon leasehold, on the mainland opposite Hongkong, as well as for retrocession of Hongkong itself. (See S. R. Chow, *Winning the Peace in the Pacific*, New York, Macmillan, 1944, pp. 29, 85-88.) When Japanese forces moved into the French leasehold of Kwangchow-wan, China unilaterally terminated the lease through formal denunciation. Japan's Kwantung leasehold in South Manchuria will presumably revert to Chinese control when Manchuria is restored to China.

¹⁵ Public Law No. 199, 78th Congress. An Act to Repeal the Chinese Exclusion Acts, to Establish Quotas and for Other Purposes. Chapter 344. 1st Session. H. R. 3070. For text and commentary, see *Interpreter Releases*, March 6, 1944. (New York, Common Council for American Unity.)

stimulated considerable public interest and discussion in succeeding months. Pronounced opposition to admission of Orientals even on a quota so small as to be nominal was still apparent in some quarters, both in and out of Congress, but popular sentiment in the country at large was generally favorable toward a measure affecting Chinese. Within the House Committee itself the margin was very close and a majority was barely secured. While the bill eventually reported by the Committee on October 7 accomplished the main purpose in view, it was strictly drawn in several important respects to conciliate the opposition and was therefore rather less liberal than normal quota legislation of its type. Strong Administration support was given the final Magnuson-Andrews bill, which was approved by large majorities on October 21 in the House and November 26 in the Senate.

The new law accomplished several main objectives. It repealed some fifteen acts, or parts of acts, relating to the exclusion or deportation of persons of Chinese race. It provided for the admittance of a quota of Chinese immigrants under the provisions of the 1924 Immigration Act. In accordance with these provisions, the annual quota for Chinese was fixed at 105 by Presidential Proclamation of February 10, 1944.¹⁶ Finally, the new law made all Chinese persons admitted to the United States for permanent residence eligible to citizenship, with naturalization procedure on the same basis as for all other alien applicants.

While this legislation marks a definite step forward in American immigration policy, it still leaves much to be desired. Shortcomings are evident on two counts. The principle as applied is not wholly on a par with practice in regard to other quota countries. The nationals of other Oriental countries, moreover, are not covered by the new legislation. Thus not only the Japanese, against whom the United Nations are now waging war, but also Allied nationals in India, the Philippines and other Southeast Asia countries, are still denied the privilege of equal immigration treatment and are still subject to the stigma of racial discrimination.

The new law, and the regulations issued under it, strictly limit the quota of admissible Chinese to the maximum of 105 in any one year. Preference normally granted European immi-

¹⁶ Federal Register, Vol. 9, No. 29, p. 1587.

grants, such as for the immediate family relatives of an American citizen, do not apply to Chinese. Such relatives, whether husband, wife, children or parents, can only enter if they are included within the yearly quota of 105 persons.¹⁷

Even more important is the provision which denies non-quota status to Chinese born and resident in non-quota countries, such as the Latin American republics. Persons of European ancestry who are born in non-quota countries become admissible to the United States as "non-quota aliens." This is not true for Chinese. Regardless of where they were born, all Chinese persons entering the United States as immigrants must be charged to the one quota. Under this quota, with annual maximum set at 105, a preference of up to 75 percent is accorded Chinese born and resident in China.¹⁸ The remaining 25 percent, i.e., some 36 persons a year, may be admitted from among Chinese living in countries other than China.

This second provision, which established race instead of nativity as the guiding factor in determining admissibility, makes the definition of "a Chinese person" of some considerable importance. The definition was included among the various regulations implementing the new law issued on January 25, 1944 by the Immigration and Naturalization Service of the Department of Justice.¹⁹ Under its terms a Chinese person is one who is of as much as one-half Chinese blood and is not of as much as one-half blood of a race ineligible to citizenship. If one parent is Chinese, that is, and the other parent is Filipino, Hindu or of some other race ineligible to citizenship, that person is not admissible.

Of broader concern to those interested in American immigration policy is the fact that the new law introduces a further element of discrimination into an already complicated system.

¹⁷ In the European case, an unmarried child under twenty-one, a wife, or a husband (if married prior to July 1, 1932) of an American citizen of white or African race is entitled to non-quota status. Also, a first-preference quota is accorded the parents or husband (if married after July 1, 1932) of an American citizen. No such preferences exist for Chinese.

¹⁸ Regulations issued under the new law make Chinese admissible even from the "barred zone" which covers a number of Asiatic countries, including western China. For a time it was feared that the "barred zone" provision of the 1917 Immigration Act would deny eligibility of Chinese coming from the western section of China. A further regulation permits Chinese to be admitted at any port of entry, instead of the former specifically designated entry points.

¹⁹ Federal Register, Vol. 9, No. 32, pp. 1691-2. For text and commentary see *Interpreter Releases*, cited, March 6, 1944.

The Chinese henceforth become a privileged group among the Orientals as a whole. Representatives of many other Eastern peoples, notably the Indians and Filipinos, are also engaged in the common struggle against the Axis powers. It is sound war strategy to take measures designed to win the good will and support of the peoples in those Southeast Asia countries now subjected to Japanese domination. Quota laws for these countries and India, especially in the strict form applied to China, would at most permit the annual entrance of only a few hundred additional Orientals. While such broader measures were introduced in the 78th Congress, they were sidetracked in favor of the bill applying solely to China as a result of the opposition encountered. Until a settlement fair to all is achieved, this issue will continue to exist as a difficult factor in American relations with the Far East.

The Conferences of 1943

American participation in a series of five major international conferences, devoted to war and postwar strategy, marked 1943 as a year in which the foundations were laid for assumption by the United States of a continuing responsibility for world order. Preeminence in this field was taken by the Moscow Declaration of October 30, recognizing "the necessity of establishing at the earliest practicable date a general international organization, based on the principle of the sovereign equality of all peace-loving states, and open to all such states, large and small, for the maintenance of international peace and security."²⁰ Signed not only by Foreign Ministers of Britain, the U.S.S.R., and the United States, but also by the Chinese Ambassador to Moscow, this declaration was thus made applicable to the Far East as well as the Western hemisphere. Further assurance, on the American side, was given in the immediately forthcoming Senate approval, by a vote of 85 to 5, of a long-debated resolution favoring participation in a world organization which was hastily modified to accord with the phraseology of the Moscow document.²¹ At Tehran, in the Three-Power Declaration of December 1, a

²⁰ For text, see *State Department Bulletin*, November 6, 1943, p. 309.

²¹ The force of American public opinion stood overwhelmingly behind this commitment. Polls taken in the United States consistently showed about 70-75 percent favoring American participation both in a union of nations and an international police force. See Dorothy Borg, "Straws in the Hurricane," *Far Eastern Survey*, November 17, 1943, p. 225.

more distinctive cast to the future world order was imparted by the statement: "We shall seek the cooperation and active participation of all nations, large and small, whose peoples in heart and mind are dedicated, as are our own peoples, to the elimination of tyranny and slavery, oppression and intolerance. We will welcome them, as they may choose to come, into a world family of Democratic Nations."²² In June 1944, after detailed consultations with a Senate Committee representing both major parties, Secretary Hull began conversations with British, Soviet and Chinese delegates on an American draft of a world security organization. On June 15 President Roosevelt made public the broad outlines of the plan, which provides for a fully representative assembly of all nations, an elected council to include the four major nations and a suitable number of other nations, a world court, and joint security arrangements by the several powers. British, American and Soviet delegations met at Dunbarton Oaks, in August-September, 1944, to establish preliminary agreement on the draft outlines of a world organization.

From Casablanca and Quebec, through Moscow, Cairo and Tehran, the conferences of 1943 moved steadily toward a more inclusive participation and a more specific consideration of Far Eastern and postwar issues. Both Casablanca and Quebec were essentially Anglo-American conferences devoted to war strategy, although at the latter T. V. Soong, Chinese Foreign Minister, participated in the deliberations relating to the Far Eastern theatre of operations. At Moscow, as noted, the main declaration was signed by China. It was at Cairo, however, that the conference, with Generalissimo Chiang Kai-shek in attendance, were dealing primarily with problems relating to the Far East.

The Cairo Declaration, issued on December 1, 1943, is notable as the first specific approach toward some of the major territorial issues arising from the war.²³ Disclaiming any "thought of territorial expansion" for themselves, Britain, China and the United States declared that the war was being fought "to restrain and punish the aggression of Japan." Their purpose, it was stated, was to strip Japan of all Pacific islands occupied since July 1914, all territories belonging to China, and all other territories seized by force. Manchuria, Formosa, and

²² For text, see *State Department Bulletin*, December 11, 1943, p. 409.

²³ For text, see Document 36, p. 230.

the Pescadores were mentioned as territories that should be restored to China. The three Allies were also "determined that in due course Korea shall become free and independent." Most striking in this document was the shift which it presaged in the territorial positions of China and Japan. No mention was made as to treatment of the Pacific Islands, or of the colonial and semi-colonial territories in Southeast Asia.

CHAPTER XV

ASPECTS OF POSTWAR POLICY

In the postwar Far East, American policy will have to adjust itself to a set of new conditions which can now be traced only in broad outline. A defeated Japan will be in the throes of a reorganization which will probably take many years to complete and in which the United Nations will bear a continuing responsibility. China will have emerged as a fully sovereign nation with lost territories restored, but facing an immense task of rehabilitation and reconstruction. Large areas of Southeast Asia, including the Philippines, will have been newly reoccupied and will also be engaged in making good their war losses and reestablishing normal activities. Within this southern region, which embraces most of the colonial territories of the Far East, there will be a much stronger drive toward attainment of a self-governing status than before the war.

The approach toward the changed Far Eastern situation will be materially affected by the new international organization which will emerge from the conflict. What form this organization will take, especially as applied to the Pacific, is still uncertain, but it may be assumed that its influence will be more effective and concrete than was that of the League of Nations. Both the United States and the Soviet Union may be expected to exert much greater authority in helping to frame the international policies which are adopted for the Pacific area as a whole. China will take the place of Japan as the premier Far Eastern representative in the new organization. The influence of China will also be felt over the entire range of Pacific issues, and should be particularly significant in speeding the rise to nationhood of the smaller Far Eastern countries. Both Australia and New Zealand, after their experiences in the war, will play more positive roles in Pacific affairs than they did in the prewar era, as shown by initiatives they have already taken. The new international organization for the Pacific will thus be launched under auspices considerably more favorable than existed at the end of the last war.

American policy, which is specially important in economic affairs, is already being defined through negotiations with other countries in a number of fields that are of general international concern. To this extent some of the basic economic policies which will undergird international organization, in the Pacific as much as in the Atlantic, are being settled as the war proceeds. Even a partial list of the agreements thus being reached indicates the substantial progress that has been attained. Outstanding among these is the establishment of the United Nations Relief and Rehabilitation Administration, an achievement which means that the immense relief problems growing out of the present war will be handled, unlike those of the last war, on a planned international basis with adequate resources.¹ Decisions reached at the United Nations Conference on Food and Agriculture in June 1943,² and those agreed upon at the monetary and financial conference in July 1944, are also significant auguries of an international approach toward economic problems of world concern. Preliminary efforts have been made to deal with the thorny postwar issues affecting air transport and shipping. There is some prospect that a reasonable settlement of lend-lease agreements will avoid the grave consequences of the war debts issue after the last war. In all these fields the economic groundwork is being laid for an effective international organization that will help to meet the urgent needs of its Far Eastern members.

Not every economic issue is susceptible of international treatment, at least in the present stage of world development. Postwar internal readjustments by the United States, owing to its proportionate weight in world economy, will have a significant range of international effects. Some of these will bear directly on Far Eastern countries. The nylon industry, which is obviously established on a permanent basis, will cut seriously into Japan's staple prewar export to this country—raw silk. More complex questions are raised by the relatively uneconomic synthetic rubber and other similar industries. In the synthetic rubber industry, for example, a vested interest both in capital investment and labor employment has been created. Yet the

¹ See Raymond Dennett, "UNRRA and the Far East," *Far Eastern Survey*, April 5, 1944, pp. 59-62.

² For text of the Final Act, see *State Department Bulletin*, June 19, 1943, pp. 546-72.

production of natural rubber in the Netherlands Indies and Malaya employs far greater numbers of people, is more vital to the general economic welfare of these countries, and is a cheaper and more economical operation. Unless a synthetic industry of this type can successfully maintain itself in competition, without subsidy or tariff protection, it would seem advisable that it not be continued. With adequate foresight, the reconversion of American industry can also lead to positive initiatives which will put at the disposal of Far Eastern countries needed-items of industrial equipment, although the actual quantity of useful goods available may not be so great as is commonly supposed. Such transactions would require careful planning in order to make them worth the effort and expense.

The progress of the Pacific area will be facilitated by establishment of a sound and effective international organization and by the successful handling of basic economic questions of worldwide scope. In both fields it seems clear that the United States will play a responsible and constructive role. At the same time, it must be assumed that adequate and forward looking economic and political programs be initiated and carried through to completion in the Far Eastern countries themselves, if they are to make their full contribution to the new world order. Three problems, in particular, are of such scope and importance that the answers made to them will markedly affect the total international result. These are the treatment meted out to a defeated Japan, the great reconstruction task which will engage postwar China's energies, and the measures taken to lift the countries of colonial Asia to a status of welfare and freedom. In dealing with each of these great problems, the United States will have to chart a new course within a Far Eastern setting in which many of the old landmarks of American policy have disappeared or changed almost beyond recognition.

Treatment of Japan

Relatively few statements of official policy have been advanced with respect to the terms that will be imposed on Japan. The most specific approach yet made to this problem is contained in the communiqué issued by President Roosevelt, Prime Minister Churchill and Generalissimo Chiang Kai-shek at the conclusion of the Cairo conference.³ The territorial decisions

³ See above, p. 144.

registered by this communiqué will set Japan back nearly to the limits existing at the outset of its modern career in the middle of the last century. Outside the four main islands of Japan Proper, there would be left as of major importance only southern Sakhalin and the Liuchiu, Bonin and Kurile islands. Whether these will all remain under Japanese control seems problematical. China may possibly seek to regain the Liuchiu islands,⁴ while the Soviet Union may advance claims to the Kurile islands and southern Sakhalin. The change in Japan's territorial status will be striking. At the peak of expansion, in mid-1942, the Japanese imperial possessions embraced an area of roughly 3,000,000 square miles and a population of nearly 500,000,000. After defeat Japan will be restricted mainly to its home islands, with an area of less than 150,000 square miles and a population of about 75,000,000.

For American policy, these territorial questions involved in the settlement with Japan are not likely to create difficulty, with the single exception of the disposition of the Pacific islands. While these islands are for the most part not significant economically, they are of great strategic importance, as the course of the Pacific war has convincingly demonstrated. The American losses suffered in occupying them has built up a strong demand, expressed in public opinion, in Congress, and in Navy circles, for their retention after the war. Outright annexation by the United States would contravene the principles expressed in the Atlantic Charter and the Cairo Declaration. A solution that would help to maintain these principles may eventually be reached along the lines of the former League mandate system which would make the administration established in the islands answerable to an international organization, if it is not provided by that organization itself.^{4a}

Much more complicated issues will arise in connection with the broader problem affecting the treatment of Japan in the military, political, and economic spheres. The statements of policy so far issued in this field are limited and fairly general in character, but they offer some indication of the trend of official attitudes.

⁴ S. R. Chow, cited, pp. 15-16, footnote.

^{4a} For a careful summary of this issue, see Huntington Gilchrist, "The Japanese Islands: Annexation or Trusteeship?" *Foreign Affairs*, July, 1944.

On the security issue President Roosevelt stated the broad objective in his radio report of December 24, 1943 on the Cairo and Tehran conferences. "Essential to all peace and security in the Pacific and in the rest of the world," he declared, "is the permanent elimination of the Empire of Japan as a potential force of aggression."⁵ In the achievement of this goal there will be no dispute on the necessity of enforcing strict disarmament provisions. For an indefinite period Japan will be stripped of the military and naval forces which enabled her to carry on wars of aggression. Disarmament will have to be carried into the factory, so that a system of inspection will be required. Practical administrative details and the limits which can be feasibly set, rather than the principle involved, will give rise to the major problems in the program for disarming Japan. The Washington authorities, for example, seem convinced that a lengthy military occupation of Japan will prove necessary and are apparently laying plans for such an occupation. Some observers dispute the feasibility of these plans.⁶ Complete eradication of Japanese industry is advanced in some quarters as an essential item of disarmament.⁷ Since this proposal would throw Japan back on agriculture for its subsistence, involving probable death for millions of people, it hardly commends itself to a balanced judgment. While the Allied forces occupying Japan will determine the initial measures of disarmament, the long-term aspects of enforcement and supervision will have to be adjusted to the collective security system which emerges from the war.

Lasting security cannot be attained by disarmament measures alone, however rigid or complete these may be. The real key to success lies in the extent to which Japan's political and economic system is reoriented toward peace. This fact has been clearly stated in pronouncements which lay down the broad principles of United Nations' policy toward the enemy nations after their defeat has been accomplished.

A statement in President Roosevelt's broadcast of December 24, 1943 that was directed toward Germany, but which may also be taken as applying to Japan, expressed the following policy: "The United Nations have no intention to enslave the German

⁵ *State Department Bulletin*, January 1, 1944, p. 4.

⁶ See Nathaniel Peffer, "Occupy Japan?" *Harper's Magazine*, April 1944.

⁷ See George Fielding Eliot, *Hour of Triumph* (New York, Reynal & Hitchcock, 1944), pp. 153-57.

people. We wish them to have a normal chance to develop, in peace, as useful and respectable members of the European family. But we most certainly emphasize that word 'respectable' for we intend to rid them once and for all of Nazism and Prussian militarism and the fantastic and disastrous notion that they constitute the 'master race.'"⁸

Public announcement of a similar policy in relation to Japan was reserved to Generalissimo Chiang Kai-shek, in a message to the Chinese people on December 31, 1943.

"In intimate talks I had with President Roosevelt and Prime Minister Churchill at Cairo," declared the Generalissimo, "we considered steps for mutual cooperation and agreed upon certain plans for prosecution of the war.

"We also agreed upon the question of the disposal of the enemy after the war. One important problem in this connection concerns Japan's form of government. When President Roosevelt asked my views I frankly replied, 'It is my opinion that all Japanese militarists must be wiped out and the Japanese political system must be purged of every vestige of aggressive elements. As to what form of government Japan should adopt, that question can better be left to the awakened and repentant Japanese people to decide for themselves.'

"I also said, 'If the Japanese people should rise in revolution to punish their war mongers and overthrow their militarists' government we should respect their spontaneous will and allow them to choose their own form of government.' Mr. Roosevelt fully approved of my idea."⁹

Implicit in this statement is the recognition that no AMG can impose a cut-and-dried blueprint of reform on Japan. The forces which are to introduce the necessary political and social changes must stem from the Japanese people themselves. Not that the United Nations should abdicate responsibility in this field. That responsibility will necessarily remain. It will consist primarily in the task of encouraging those elements most clearly dedicated to measures that will destroy the mainsprings of the old regime. As in Italy, the central decision will turn on the groups with which the United Nations choose to deal. No short-cuts or expedencies will provide an answer to the basic problem.

An easy and inviting solution, certain to attract considerable

⁸ *State Department Bulletin*, January 1, 1944, p. 5.

⁹ *New York Times*, January 3, 1944.

support, would be to recognize a new government composed of the old party and business "moderates" operating under a "chastened" Emperor. While such a government might give the appearance of being democratic and of having eliminated the "militarists," the change would be only superficial. The old system would be essentially perpetuated. Its roots lie much deeper and can only be torn up by a more thoroughgoing program of internal change. Two aspects of the old regime are fundamental: the joint *Zaibatsu*-landlord monopoly of economic power which holds down living standards, restricts the home market, and stimulates aggressive trade expansion; and the existence of a God-Emperor institution which requires that the Emperor's divine sway be extended over the world by a Japanese "master race." These are the conditions on which the power of the Japanese military caste has rested. If the conditions are permitted to remain, the influence of the militarists may be temporarily eclipsed under a frock-coated regime but will be certain to revive when the need for disguise has passed.

It is therefore a mistake to center attention exclusively on the task of eliminating the military from the Japanese scene, however necessary this may be in itself. The militarists are not an unnatural excrescence which can be lopped off arbitrarily on the assumption that the rest of the organism is sound. They are an instrument of foreign aggression and domestic repression because the system operating in Japan requires such an instrument. It is essential that the whole system be considered in all its interrelationships if an incomplete or faulty diagnosis is to be avoided.

The modern Japanese industrial structure, dominated by the great *Zaibatsu* monopolies, has developed within a peculiar local setting. It is not merely that a handful of these monopolies controls the greater part of Japan's industrial, commercial and financial life. Similar aggregations of economic power have grown up in other countries, though perhaps nowhere on such a narrow basis. The characteristic feature of the Japanese structure has been its special relationship to an agricultural economy in which the holdings of a few great landlords tower above a mass of poverty-stricken tenants and small owners. The Japanese industrialist has continuously recruited his miserably paid mine and factory operatives from the reservoir of manpower in the even more depressed countryside. Professor Shiroshi Nasu

has bluntly exposed this key aspect of the Japanese system: "Existence of up-to-date factories with high technical efficiency side by side with millions of small farms amply supplying these factories with skillful but low-wage manpower constitutes the backbone of the national economy of Japan. This relationship is made possible by the fact that the birth rate of the rural population is higher than that of the urban population."¹⁰ Here lies one of the main incentives to the intensity of Japan's drive for foreign markets. The home market, restricted by the low incomes of both workers and farmers, cannot begin to absorb the flood of goods produced by Japan's "up-to-date factories with high technical efficiency." But the "low-wage manpower" propels these goods into foreign markets with great competitive force. The interests of the industrial monopolists and the big landlords are thus linked with those of the militarists in a drive for foreign markets which passes inexorably into territorial conquest.

The ideological nexus of this trinity, the spiritual force which knits it together, is supplied by the God-Emperor. All three groups take shelter under his wing. Even on the material plane he is at one with each of them. The vast Imperial estates make him the greatest landowner in the realm; he owns large blocks of shares in major industrial concerns; and he is commander-in-chief of the armed forces. In his name protests against intolerable economic conditions are suppressed, independent labor-farmer organizations outlawed, and efforts to set up a truly democratic government crushed. Such activities become cases of *lèse-majesté*, not consonant with the "national polity peculiar to Japan." Above all, the Emperor cult is a tool which enables the ruling trinity to implant the "master race" concept in the minds of the Japanese people. In school and barracks, death for the Emperor on the field of battle is instilled as the glorious consummation that brings deification in the Yasukuni shrine. The army leaders devote meticulous attention to this type of "spiritual training" for the Japanese conscripts.¹¹ It is not the militarists alone, but the whole ruling group which supports this course and gains by it. Legitimate discontent over conditions at home is thereby not merely suppressed; it is channeled

¹⁰ *Aspects of Japanese Agriculture*, Institute of Pacific Relations, New York, 1941, p. 8.

¹¹ See Hillis Lory, *Japan's Military Masters* (New York, Viking, 1943).

into external aggression under a divine imperative to conquer and rule the world. It is made to correspond, in other words, with the basic expansionist necessities of the Japanese social-economic structure.

The hard inner core of the Imperial ideology is absolutist, aggressive, and essentially inimical to democratic concepts. It is inalienably theocratic, in a sense far transcending earlier Western ideas of the divine right of kings, as the thorough students of this phenomenon have always maintained.¹² When American officials declare that "Shintoism can become an asset, not a liability, in a reconstructed nation," the burden of proof rests upon them.¹³ To center the blame for Japanese aggression exclusively on the military caste is a dangerous fallacy, as the preceding argument has sought to indicate. The Imperial institution in and of itself bears a threat to the growth of a democratic and good neighborly Japan.¹⁴ It is therefore dubious strategy to try to dissociate the Emperor from the militarists. This, in fact, would be the logical move for the militarists themselves to make under the conditions of defeat, since it would enable them to lie low for a time while salvaging the institution for further use at some later period. Efforts to "dissociate" the Emperor from his "evil" advisers, by sanctioning the institution as such, will thus play into the hands of the very forces we are trying to uproot. Abolition of the institution is a task for the Japanese people, acting under a leadership that cannot derive from the old regime.

Behind the Emperor and the militarists, moreover, lie the incentives to aggression which exist in the special aspects of the Japanese economic system previously noted. It must be recognized that the poverty-stricken-farmer, low-wage-industrial-worker axis is a vicious phenomenon directly responsible for the ability of the militarists to engross the powers of the state, and, in alliance with the *Zaibatsu* magnates and the landlords,

¹² See Willis Lamott, *Nippon: The Crime and Punishment of Japan*, John Day, New York, 1944; D. C. Holtom, *Modern Japan and Shinto Nationalism* (University of Chicago Press, 1943); Basil Hall Chamberlain, *The Invention of a New Religion* (London, 1912).

¹³ For expression of this view by Joseph C. Grew, see *State Department Bulletin*, January 1, 1944, p. 16; editorial criticism appeared in the *New York Times*, January 2, 1944.

¹⁴ See "The Future of Japan: A Canadian View," *Pacific Affairs*, June, 1944, pp. 194-203.

to embark on a mission of world conquest. Agrarian reform, involving land redistribution and changes in the system of land tenure and rural credit, is a prerequisite to the establishment of social and economic health in Japan. Improved living conditions for the farmers will force higher wage standards for the industrial workers by limiting that reservoir of cheap labor on which the *Zaibatsu* have waxed fat. The resultant increase in purchasing power by the mass of the population will expand Japan's home market and thus reduce the pressure to export; by the same token, the higher cost of labor will dull the keen edge of Japanese competition which Western merchants have experienced to their distress.

An economic margin for these reforms will be provided by the abolition of armament expenditures which have hitherto absorbed a major portion of Japan's national income. The outside world will also have to provide Japan with the fullest access to markets and raw materials. Continued extension of this aid could be made to depend on the degree of achievement in liberalizing the Japanese regime along both political and economic lines. Unless such liberalization can be effected, it will be worse than futile to render economic aid of any kind. The United Nations will then be condemned to a negative policy of maintaining security by a strong hand.

It would be unrealistic to expect that the reforms needed in Japan can be successfully imposed by alien powers. The Japanese people must effect them, if they are to be adequate and lasting. Dependence should not be placed on the so-called "liberals" or "moderates" of the old regime, but rather on an independent and well organized people's movement with its own leaders. The changes which need to be made in the old landlord—*Zaibatsu*—militarist *cum* Emperor system are so profound that the weight of the new forces would have to be "left of center" in order to possess the requisite strength to push them through. Such forces will certainly emerge in Japan during the last stages of the war or after defeat, though their exact degree of strength cannot now be estimated. If they are not thwarted or suppressed, they can be counted upon to perform the essential tasks which it would not be politic to impose in the peace terms. On the thoroughness with which their work is done will rest the soundest guarantee of future progress in Japan and of peace in the Pacific.

Reconstruction in China

China will be entering the postwar world under conditions far different from those facing Japan. As a leading member of the United Nations, it will be participating in all the major decisions affecting the peace. It will at once take its place as chief representative of the Asiatic peoples in the new world organization. In territories with predominantly Chinese populations long alienated from their homeland, such as Formosa and Manchuria, Chinese administration will be restored. The vexatious issues relating to the special foreign privileges existing under the old unequal treaty system will have been swept away. In the international arena, China will have won the fully sovereign and equal position toward which it has painfully struggled during the twentieth century.

This result of the war has, in effect, already transformed the historical basis on which the American connection with the Far East has rested. The "open door" and "integrity of China" principles, which had been the guideposts of American policy since the last century, will no longer form the subject of multilateral agreement, as in the Nine-Power Treaty. China will be responsible for its own security and for its own economic relations with foreign states—both, presumably, in accordance with normal international practice and with arrangements reached as between equals on matters affecting world security and economic welfare.

American relations with China will thus be largely determined by the course which China itself takes in meeting its own problems as they emerge after the war. UNRRA should help to provide the immediate relief needs in postwar China, which will be extensive and urgent, and to bridge the gap until normal business and trade activities are restored. The outlook for the future, however, will depend primarily on the results attending the long-term reconstruction program which will assume central importance when victory is won. It is in this sphere that China will have to prove itself during the next generation, in order to match its newly gained international standing with a soundly conceived and effectively implemented scheme of internal modernization and progress. The tasks which it faces are immense. Industrialization, agrarian reform, provision of universal education and health services, expansion of democratic

institutions, the building of transport facilities adequate for a continental area—these are but a few of the major objectives that immediately come to mind.

If conditions in China are favorable, the American interest in this program will be keen and may well take substantial form in the advance of capital and technical assistance. Agreements to this end, mutually beneficial to the United States and China, could conceivably determine the whole course of postwar American relations with the Far East. The mechanics by which such arrangements might be handled are less important, in the long run, than the soundness of the program undertaken.¹⁵ In this respect China has the advantage of the accumulated experience of recent decades bearing on large-scale development programs. It can profit by the failures, as well as the successes, of other countries engaged in the same process.

Industrialization is usually considered to lie at the heart of the reconstruction program. Too limited an approach, however, cannot be made to what is in fact an exceedingly complex undertaking. The cardinal mistake would be to industrialize under forced pressure without reference to the accompanying changes which need to be effected in China's rural economy. As yet industrialization has modified relatively small segments of Chinese society. More than three quarters of the population are still dependent upon agriculture for a livelihood. Under typical conditions, the mass of the tenants and small owner farmers is held to a poverty-stricken level by an archaic system of land tenure, exorbitant rents and taxes, and usurious interest rates. The attempt to superimpose large-scale industry on this backward rural economy would court a repetition of the disastrous results which have attended such an effort in Japan. Living standards of the farmers would remain depressed, while the wages of industrial workers would be kept abnormally low. Attainment of an expanding internal market, through a steady growth in mass purchasing power, would be thwarted.

Sound policy requires that industrialization be so handled as to reverse this process. Success will primarily depend not on how quickly certain large enterprises in basic industry are built

¹⁵ Some of the financial methods of underwriting the process, which might also take an international form, are analyzed briefly by Frank M. Tamagna, *Banking and Finance in China*, Institute of Pacific Relations, New York, 1942, Chapter XII, pp. 347-56.

and placed in operation, but on how well the new industries are related to the rural districts and geared into the needed reform of agrarian conditions. It should not be expected that outmoded agricultural relations will be automatically transformed by the establishment of industries. Positive steps must be taken to distribute land more equitably and to limit abnormal rent, tax and interest exactions. In this field, as in no other, one is dealing with the economic welfare of the vast majority of the Chinese population. A substantial rise in China's national income is dependent, in the first instance, on a rise in the living standards of the farmer. Industrialization which moves forward on the basis of progressive expansion of the home market, through betterment of the farmers' livelihood carries with it adequate sureties of uninterrupted advance and constructive results.

Reconstruction along these lines will also help to clear away the barriers to political unity and democratic progress. The widest participation of the people in government, as Sun Fo has indicated, must take place in the villages throughout China.¹⁶ Education in democratic processes is gained through action, which, in China, has to embrace the villagers if it is to be conducted on a nation-wide scale. Agrarian reform is thus political as well as economic in character, since it leads to replacement of the old landlord-official monopoly of power in the rural localities by elective bodies in which popular initiative makes itself felt. Local democratic requirements are closely linked to those affecting the inauguration of constitutional government on a national basis. The new draft constitution is not a democratic instrument. Revisions should provide for direct elections to a national legislature, strong provincial governments and assemblies, and full implementation of a bill of rights. Evidence gained during the war period shows that the Chinese people are not unprepared for these advances, but can make effective use of each opportunity as it opens up to them. Their energies will provide the motive power for accomplishing tasks that might otherwise seem too formidable to be undertaken.

Under these conditions, the American and Chinese peoples can find the basis for full cooperation in pushing forward the reconstruction effort in China. The effects of success in such an enterprise, both on Asia and the West, can hardly be overesti-

¹⁶ *New York Times*, April 15, 1944.

mated. It would enable China to buttress its independence with a strong and stable internal regime, progressively enlarging the frontiers of welfare and freedom for all its citizens. It would point the way toward a new use of the capital goods and technical skill which have been accumulating in Western countries since the industrial revolution, and which will exist in greater surplus than ever after the war. Social results, not technical achievement, are the gauge of success—as indicated by the example of Japan, which has scored the outstanding failure in the attempt of an Asiatic country to appropriate industrialism. Modernization, of a kind, was obtained, and swift technical progress was accomplished. But Japan's spectacular rise to power rested on unsound foundations, especially in its social-economic mechanism and motivations. The outcome engulfed not only its own people, but much of eastern Asia and a good part of the Western world, in disaster. There is nothing inherent in modern technology which must necessarily lead to this result. The postwar world will be seeking the means to establish a constructive linking of Western techniques and Eastern resources and manpower. All of Asia is the field for such an effort, but the most immediate and challenging possibilities will lie in China.

Empire in the East

The imperial structure in the Far East will not have crumbled when Japan's defeat is sealed, but it will have lost some of its strongest pillars. In the northern half of eastern Asia, the freeing of Formosa, Manchuria and Korea from Japanese domination will have destroyed the colonial base of the most powerfully entrenched imperialism in the whole Far Eastern area.¹⁷ Restoration of most of this colonial territory to China, and even more the abolition of the treaty powers' former special privileges in China, will constitute a second great change in the system which existed before the war. China's attainment of full international equality, especially if buttressed by a sound and thorough domestic reconstruction, will permanently alter the power relations of the Far East. In northern Asia only Korea will remain, at least for a time, as a country whose independence must still be established. Such independence is pledged

¹⁷ For a summary discussion of these colonies, see Lawrence K. Rosinger, "Breaking Up the Japanese Empire," *Foreign Policy Reports*, June 1, 1944.

to occur "in due course" by the Cairo Declaration and will presumably be achieved under some form of international assistance, with responsibility lodged in the new world organization or its Far Eastern regional organ. It would seem unlikely that Korea will fall under the exclusive domination or "protection" of a single power—a fact which means that it will present a difficult test in the sphere of international administration and trusteeship.

With the possible exception of Korea, the postwar remnants of the old Far Eastern order will be concentrated in Southeast Asia.¹⁸ In this region colonialism has a much longer history than in the north. Its roots go far back into the sixteenth and seventeenth centuries, when the forerunners of the later Western imperialist invasion were mainly concerned with trade. In the modern age, the development of rubber, oil, tin and a variety of agricultural products has given an even stronger urge toward maintenance of control over its rich economic resources. The problems involved are highly complex and varied, while the interests of four different powers—Britain, the United States, the Netherlands and France—must be adjusted if new initiatives are to be made.

In view of these facts, it is perhaps not difficult to understand why no common policy looking toward the eventual freedom and self-government of the Southeast Asia territories has thus far been evolved. The need for such a policy, or at least for a joint declaration of objective, has been great. It would go some distance toward meeting Japan's Pan-Asiatic propaganda and countering the insistent Japanese denunciations of Western imperialism, instead of relying solely on the damaging effects of Japan's brutalities and economic seizures. Up to the present, however, there is no evidence of a common approach toward Southeast Asia established by joint consultation among the United Nations concerned. Each power is returning to its own area with its own individual policy—the British to Burma and Malaya, the Dutch to the Netherlands East Indies, the United States to the Philippines, and the French to Indo-China.¹⁹

¹⁸ See analysis by Lawrence K. Rosinger, "Independence for Colonial Asia," *Foreign Policy Reports*, February 1, 1944.

¹⁹ Specially prepared civil administrations staffed by nationals of the powers concerned are taking over as each new territory is reoccupied. See Shirley Jenkins, "Hollandia Sets a Precedent," *Far Eastern Survey*, May 31, 1944, pp. 100-101.

Even though a common program with forward-looking objectives has not been achieved to date in this sphere, there is no reason to expect that the storm which has swept over Southeast Asia will pass without leaving significant traces. The rapidity with which the defenses of the colonies collapsed, as well as the intense propaganda to which Japan has subjected their peoples, will increase the nationalist ferment that was already at work in them before the war. The influence and example of a free China will have similar effect. Should India also win its freedom in the near future, the decisive sectors of Asia will have moved ahead to a point where the rest must follow.

Some changes affecting future policies of the responsible powers in Southeast Asia have occurred during the war. American policy is now committed to independence for the Philippines when the war ends. Provided that a solution to the general security issue is reached, the essential problem is to establish a Philippine-American relationship which will guarantee maximum stability of the Philippine economy during the period of transition.²⁰ On December 7, 1942, Queen Wilhelmina issued a statement which envisaged establishment through joint post-war consultation of a Commonwealth, "in which the Netherlands, Indonesia, Surinam and Curacao will participate, with complete self-reliance and freedom of conduct for each part regarding its internal affairs, but with the readiness to render mutual assistance."²¹ Inauguration of the new Commonwealth, within which the Indonesians should be able to move rapidly toward full control of their own destinies, will mark a considerable step forward in the East Indies. No statements as to post-war British policy in Malaya or Burma have been issued by official quarters, although unofficial discussion has recognized the need for a new approach.²² The position of Indo-China, in which a puppet French administration taking orders from Vichy has been maintained during the war, is an equivocal one. A statement by the French Committee of National Liberation, issued on December 14, 1943, noted that it had declared war against Japan on December 8, 1941, repudiated all cessions of

²⁰ See above, Chapter X.

²¹ For text, see *Netherlands News* (New York, Netherlands Information Bureau), Vol. 5, No. 3, November 26, December 10, 1942, pp. 106-109.

²² See article by Sir Eric Macfadyen, "A Political Future for British Malaya," *Pacific Affairs*, March 1944; also XYZ, "Political Reconstruction in Postwar Burma," *Ibid.*, September, 1943.

Indo-Chinese territory, and projected a series of postwar economic and political reforms for Indo-China.²³ The future status of Thailand, whose people were carried into the war on the side of Japan by an undemocratic ruling clique, will have to be decided by the United Nations in the general peace settlement. Restoration of an independent Thailand would presumably require guarantees of the establishment of a democratic regime within the country, as well as a new readjustment of boundaries with its neighbors. •

In each of these countries, the period of economic transition which will follow the war is likely to prove long and difficult. Revival of the foreign trade on which many of them were largely dependent will not be automatic, while losses caused by the war—the greatest of which may occur during reoccupation—will prove an additional handicap to speedy recovery. During the early period of readjustment, at least, the production of synthetics by Western countries may reduce the foreign market for staple products of Southeast Asia such as rubber and cinchona bark. For the longer future, much more vigorous steps will be required to diversify the local economies, not only by reducing dependence on a few export staples but in moving toward development of industry on a wider scale than in the past. In some cases, notably the Netherlands East Indies, partial efforts to establish industries were making progress during the prewar years.²⁴ To the industrial countries of the West, with large productive capacities built up by the war, such efforts will pay increasing dividends in the postwar era. The necessities of this program are intimately linked to political considerations. As the countries of Southeast Asia win a larger measure of control over their own development, they will acquire the strength to push forward in a program of industrialization which will, in the long run, add to the sum total of their trade with the West besides providing, initially, a considerable market for capital goods. The extensive readjustments which must in any case be made after the war, both in the East and the West, should facilitate new and more ambitious departures in economic policy.

²³ Text by the French Press & Information Service, New York, Series III, No. 11E., December 14, 1943.

²⁴ See Peter H. W. Sitsen, *Industrial Development of the Netherlands East Indies*, Bulletin 2, Netherlands-Netherlands Indies Council, Institute of Pacific Relations, New York, 1944.

Many factors, all of which are interdependent, will determine the rate at which the Eastern world is to move toward assumption of full responsibility for its own future. China, India and Japan are the "Big Three" of eastern Asia, with decisive weight in any balance finally arrived at, but the paths of their separate evolutions cannot be charted in advance. Developments in all three will interact, and the course thus set will largely determine the outcome. Initiatives from the West, also unpredictable, will still be of great significance. They will exert major influence, both directly and indirectly, on events in China, India and Japan, as well as in Southeast Asia. The Soviet Union will undoubtedly add an important and positive element to the stream of Western influence; so also will Australia and New Zealand. Establishment of a strong and progressive world organization would help to create the conditions under which both the larger and smaller countries of Asia could attain full self-government and adequate political and economic security. Within this perspective American policy might well be merged, on a broader platform than that formerly provided by the Nine-Power Treaty, in a world program for the welfare and advancement of the Far East.

DOCUMENTS

The State Department has made available extensive collections of documents on recent American Far Eastern policy in PEACE AND WAR (Government Printing Office, Washington, D. C.) and UNITED STATES FOREIGN RELATIONS: JAPAN, 1931-1941 (Government Printing Office, Washington, D. C.) These volumes should be consulted in order to supplement the selected list which is here given.

1. PRESIDENT ROOSEVELT'S STATEMENT REGARDING TRANSPORT OF MUNITIONS TO CHINA AND JAPAN ON AMERICAN SHIPS. SEPTEMBER 14, 1937.

"Merchant vessels owned by the Government of the United States will not hereafter, until further notice, be permitted to transport to China or Japan any of the arms, ammunition, or implements of war which were listed in the President's proclamation of May 1, 1937.

Any other merchant vessels, flying the American flag, which attempt to transport any of the listed articles to China or Japan will, until further notice, do so at their own risk.

The question of applying the Neutrality Act remains in *status quo*, the Government policy remaining on a 24 hours basis."

Source: The Department of State, *Press Releases*, September 18, 1937, p. 227.

2. U. S. NOTE OF PROTEST AGAINST THE BOMBING OF NANKING. SEPTEMBER 22, 1937.

"The American Government refers to the statement by the commander in chief of the Japanese Third Fleet which was handed to the American consul general at Shanghai on September 19 announcing the project of the Japanese Naval Air Force, after 12 o'clock noon of September 21, 1937, to resort to bombing and other measures of offense in and around the city of Nanking and warning the officials and nationals of third powers living there 'to take adequate measures for voluntary moving into areas of greater safety.'

"The American Government objects both to such jeopardizing of the lives of its nationals and of noncombatants generally and to the suggestion that its officials and nationals now residing in and around Nanking should withdraw from the areas in which they are lawfully carrying on their legitimate activities.

"Immediately upon being informed of the announcement under reference, the American Government gave instruction to the Amer-

ican Ambassador at Tokyo to express to the Japanese Government this Government's concern; and that instruction was carried out. On the same day the concern of this Government was expressed by the Acting Secretary of State to the Japanese Ambassador in Washington.

"This Government holds the view that any general bombing of an extensive area wherein there resides a large populace engaged in peaceful pursuits is unwarranted and contrary to principles of law and of humanity. Moreover, in the present instance the period allowed for withdrawal is inadequate, and, in view of the wide area over which Japanese bombing operations have prevailed, there can be no assurance that even in areas to which American nationals and noncombatants might withdraw they would be secure.

"Notwithstanding the reiterated assurance that 'the safety of the lives and property of nationals of friendly powers will be taken into full consideration during the projected offensive,' this Government is constrained to observe that experience has shown that, when and where aerial bombing operations are engaged in, no amount of solicitude on the part of the authorities responsible therefor is effective toward insuring the safety of any persons or any property within the area of such operations.

"Reports of bombing operations by Japanese planes at and around Nanking both before and since the issuance of the announcement under reference indicate that these operations almost invariably result in extensive destruction of noncombatant life and non-military establishments.

"In view of the fact that Nanking is the seat of government in China and that there the American Ambassador and other agencies of the American Government carry on their essential functions, the American Government strongly objects to the creation of a situation in consequence of which the American Ambassador and other agencies of this Government are confronted with the alternative of abandoning their establishments or being exposed to grave hazards.

"In the light of the assurances repeatedly given by the Japanese Government that the objectives of Japanese military operations are limited strictly to Chinese military agencies and establishments and that the Japanese Government has no intention of making non-military property and noncombatants the direct objects of attack, and of the Japanese Government's expression of its desire to respect the Embassies, warships, and merchant vessels of the powers at Nanking, the American Government cannot believe that the intimation that the whole Nanking area may be subjected to bombing operations represents the considered intent of the Japanese Government.

"The American Government, therefore, reserving all rights on its

own behalf and on behalf of American nationals in respect to damage which might result from Japanese military operations in the Nanking area, expresses the earnest hope that further bombing in and around the city of Nanking will be avoided."

Source: The Department of State, *Press Releases*, September 22, 1937, pp. 255-6.

3. EXCERPTS FROM PRESIDENT ROOSEVELT'S SPEECH IN CHICAGO. OCTOBER 5, 1937.

"... If those things come to pass in other parts of the world, let no one imagine that America will escape, that it may expect mercy, that this Western Hemisphere will not be attacked and that it will continue tranquilly and peacefully to carry on the ethics and the arts of civilization. . . .

"If those days are not to come to pass—if we are to have a world in which we can breathe freely and live in amity without fear—the peace-loving nations must make a concerted effort to uphold laws and principles on which alone peace can rest secure.

"The peace-loving nations must make a concerted effort in opposition to those violations of treaties and those ignorings of humane instincts which today are creating a state of international anarchy and instability from which there is no escape through mere isolation or neutrality. . . .

"There is a solidarity and interdependence about the modern world, both technically and morally, which makes it impossible for any nation completely to isolate itself from economic and political upheavals in the rest of the world, especially when such upheavals appear to be spreading and not declining. There can be no stability or peace either within nations or between nations except under laws and moral standards adhered to by all. International anarchy destroys every foundation for peace. It jeopardizes either the immediate or the future security of every nation, large or small. It is, therefore, a matter of vital interest and concern to the people of the United States that the sanctity of international treaties and the maintenance of international morality be restored. . . .

"It is true that the moral consciousness of the world must recognize the importance of removing injustices and well-founded grievances; but at the same time it must be aroused to the cardinal necessity of honoring the sanctity of treaties, or respecting the rights and liberties of others and of putting an end to acts of international aggression.

"It seems to be unfortunately true that the epidemic of world lawlessness is spreading.

"When an epidemic of physical disease starts to spread, the com-

munity approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease. . . .

"War is a contagion, whether it be declared or undeclared. It can engulf states and peoples remote from the original scene of hostilities. We are determined to keep out of war, yet we cannot insure ourselves against the disastrous effects of war and the dangers of involvement. We are adopting such measures as will minimize our risk of involvement, but we cannot have complete protection in a world of disorder in which confidence and security have broken down. . . .

"Most important of all, the will for peace on the part of peace-loving nations must express itself to the end that nations that may be tempted to violate their agreements and the rights of others will desist from such a course. There must be positive endeavors to preserve peace.

"America hates war. America hopes for peace. Therefore, America actively engages in the search for peace."

Source: The Department of State, *Press Releases*, October 9, 1937, pp. 275-9.

4. COMMENT BY THE STATE DEPARTMENT ON THE ACTION TAKEN BY THE LEAGUE ASSEMBLY CONCERNING THE SINO-JAPANESE DISPUTE. OCTOBER 6, 1937.

"The Department of State has been informed by the American Minister to Switzerland of the text of the report adopted by the Advisory Committee of the League of Nations setting forth the Advisory Committee's examination of the facts of the present situation in China and the treaty obligations of Japan. The Minister has further informed the Department that this report was adopted and approved by the Assembly of the League of Nations today, October 6.

"Since the beginning of the present controversy in the Far East, the Government of the United States has urged upon both the Chinese and the Japanese Governments that they refrain from hostilities and has offered to be of assistance in an effort to find some means, acceptable to both parties to the conflict, of composing by pacific methods the situation in the Far East.

"The Secretary of State, in statements made public on July 16 and August 23, made clear the position of the government of the United States in regard to international problems and international relationships throughout the world and as applied specifically to the hostilities which are at present unfortunately going on between China and Japan. Among the principles which in the opinion of

the Government of the United States should govern international relationships, if peace is to be maintained, are abstinence by all nations from the use of force in the pursuit of policy and from interference in the internal affairs of other nations; adjustment of problems in international relations by process of peaceful negotiation and agreement; respect by all nations for the rights of others and observance by all nations of established obligations; and the upholding of the principle of the sanctity of treaties.

"On October 5 at Chicago the President elaborated these principles, emphasizing their importance, and in a discussion of the world situation pointed out that there can be no stability or peace either within nations or between nations except under laws and moral standards adhered to by all; that international anarchy destroys every foundation for peace; that it jeopardizes either the immediate or the future security for every nation, large or small; and that it is therefore of vital interest and concern to the people of the United States that respect for treaties and international morality be restored.

"In the light of the unfolding developments in the Far East, the Government of the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles which should govern the relationships between nations and is contrary to the provisions of the Nine-Power Treaty of February 6, 1922, regarding principles and policies to be followed in matters concerning China, and to those of the Kellogg-Briand Pact of August 27, 1928. Thus the conclusions of this Government with respect to the foregoing are in general accord with those of the Assembly of the League of Nations."

Source: The Department of State, *Press Releases*, October 9, 1937, pp. 284-5.

5. DECLARATION ISSUED BY THE NINE-POWER TREATY CONFERENCE AT BRUSSELS. NOVEMBER 24, 1937.

"1. The Nine-Power Treaty is a conspicuous example of numerous international instruments by which the nations of the world enunciate certain principles and accept certain self-denying rules in their conduct with each other, solemnly undertaking to respect the sovereignty of other nations, to refrain from seeking political or economic domination of other nations, and to abstain from interference in their internal affairs.

"2. These international instruments constitute a framework within which international security and international peace are intended to be safeguarded without resort to arms and within which interna-

tional relationships should subsist on the basis of mutual trust, goodwill, and beneficial trade and financial relations.

"3. It must be recognized that whenever armed force is employed in disregard of these principles the whole structure of international relations based upon the safeguards provided by treaties is disturbed. Nations are then compelled to seek security in ever-increasing armaments. There is created everywhere a feeling of uncertainty and insecurity. The validity of these principles cannot be destroyed by force, their universal applicability cannot be denied, and their indispensability to civilization and progress cannot be gainsaid.

"4. It was in accordance with these principles that this Conference was called in Brussels for the purpose, as set forth in the terms of the invitation issued by the Belgian Government, 'of examining, in accordance with article VII of the Nine-Power Treaty, the situation in the Far East and to consider friendly methods for hastening the end of the regrettable conflict now taking place there.'

"5. Since its opening session on November 3d the Conference has continuously striven to promote conciliation and has endeavored to secure the co-operation of the Japanese Government in the hope of arresting hostilities and bringing about a settlement.

"6. The Conference is convinced that force by itself can provide no just and lasting solution for disputes between nations. It continues to believe that it would be to the immediate and the ultimate interest of both parties to the present dispute to avail themselves of the assistance of others in an effort to bring hostilities to an early end as a necessary preliminary to the achievement of a general and lasting settlement. It further believes that a satisfactory settlement cannot be achieved by direct negotiation between the parties to the conflict alone, and that only by consultation with other powers principally concerned can there be achieved an agreement the terms of which will be just, generally acceptable and likely to endure.

"7. This Conference strongly reaffirms the principles of the Nine-Power Treaty as being among the basic principles which are essential to world peace and orderly progressive development of national and international life.

"8. The Conference believes that a prompt suspension of hostilities in the Far East would be in the best interests not only of China and Japan but of all nations. With each day's continuance of the conflict the loss in lives and property increases and the ultimate solution of the conflict becomes more difficult.

"9. The Conference therefore strongly urges that hostilities be suspended and resort be had to peaceful processes.

"10. The Conference believes that no possible step to bring about by peaceful processes a just settlement of the conflict should be overlooked or omitted.

"11. In order to allow time for participating governments to exchange views and further explore all peaceful methods by which a just settlement of the dispute may be attained consistently with the principles of the Nine-Power Treaty and in conformity with the objectives of that treaty, the Conference deems it advisable temporarily to suspend its sittings. The conflict in the Far East remains, however, a matter of concern to all the powers assembled at Brussels—by virtue of commitments in the Nine-Power Treaty or of special interest in the Far East—especially to those most immediately and directly affected by conditions and events in the Far East. Those of them that are parties to the Nine-Power Treaty have expressly adopted a policy designed to stabilize conditions in the Far East and, to that end, are bound by the provisions of that treaty, outstanding among which are those of articles I and VII.

"12. The Conference will be called together again whenever its Chairman or any two of its members shall have reported that they consider that its deliberations can be advantageously resumed."

Source: *The Conference of Brussels*, Government Printing Office, Washington, D.C., November 3-24, 1937, pp. 76-7.

6. U. S. NOTE OF PROTEST AGAINST THE SINKING OF THE U.S.S. PANAY. DECEMBER 13, 1937.

"The Government and people of the United States have been deeply shocked by the facts of the bombardment and sinking of the U.S.S. *Panay* and the sinking or burning of the American steamers *Meiping*, *Meian* and *Meisian* by Japanese aircraft.

"The essential facts are that these American vessels were in the Yangtze River by uncontested and incontestable right; that they were flying the American flag; that they were engaged in their legitimate and appropriate business; that they were at the moment conveying American official and private personnel away from points where danger had developed; that they had several times changed their position, moving upriver, in order to avoid danger; and that they were attacked by Japanese bombing planes. With regard to the attack a responsible Japanese naval officer at Shanghai has informed the Commander-in-Chief of the American Asiatic Fleet that the four vessels were proceeding upriver; that a Japanese plane endeavored to ascertain their nationality, flying at an altitude of three hundred meters, but was unable to distinguish the flags; that three Japanese bombing planes, six Japanese fighting planes, six Japanese bombing planes, and two Japanese bombing planes, in sequence, made attacks which resulted in the damaging of one of the American steamers, and the sinking of the U.S.S. *Panay* and the other two steamers.

"Since the beginning of the present unfortunate hostilities be-

tween Japan and China, the Japanese Government and various Japanese authorities at various points have repeatedly assured the Government and authorities of the United States that it is the intention and purpose of the Japanese Government and the Japanese armed forces to respect fully the rights and interests of other powers. On several occasions, however, acts of Japanese armed forces have violated the rights of the United States, have seriously endangered the lives of American nationals, and have destroyed American property. In several instances, the Japanese government has admitted the facts, has expressed regrets, and has given assurance that every precaution will be taken against recurrence of such incidents. In the present case, acts of Japanese armed forces have taken place in complete disregard of American rights, have taken American life, and have destroyed American property both public and private.

"In these circumstances, the Government of the United States requests and expects of the Japanese Government a formally recorded expression of regret, an undertaking to make complete and comprehensive indemnifications, and an assurance that definite and specific steps have been taken which will ensure that hereafter American nationals, interests and property in China will not be subjected to attack by Japanese armed forces or unlawful interference by any Japanese authorities or forces whatsoever."

Source: The Department of State, *Press Releases*, December 18, 1937, pp. 448-9.

7. PRESIDENT ROOSEVELT'S MEMORANDUM TO THE SECRETARY OF STATE. DECEMBER 13, 1937.

"Please tell the Japanese Ambassador when you see him at one o'clock:

1. That the President is deeply shocked and concerned by the news of indiscriminate bombing of American and other non-Chinese vessels on the Yangtse, and that he requests that the Emperor be so advised.

2. That all the facts are being assembled and will shortly be presented to the Japanese Government.

3. That in the meantime it is hoped the Japanese Government will be considering definitely for presentation to this Government:

- (a) Full expressions of regret and proffer of full compensation.
- (b) Methods guaranteeing against a repetition of any similar attack in the future.

F. D. R."

Source: The Department of State, *Press Releases*, December 18, 1937, p. 447.

8. TO SENATOR WILLIAM H. SMATHERS. DECEMBER 18, 1937.

"My dear Senator Smathers:

I have received your letter of December 13, 1937, in which you inform me that you favor the withdrawal of American ships and citizens from the area affected by the present conflict in the Far East.

The question of the types and degrees of protection which this Government should afford to its citizens abroad presents many difficulties and is one in regard to which opinions may very readily differ. In a situation such as has prevailed in the Far East there have been developed during more than a century certain rights, certain interests, certain obligations and certain practices. In the light of peculiar features inherent in the situation, all of the major powers have developed and employed, with authorization by the Chinese Government, methods for safeguarding the lives and interests and property of their nationals believed to be appropriate to the situation and warranted by the peculiarities thereof. Thus, for instance, there came about and there is still in existence the system of extra-territorial jurisdiction and various of its concomitants. Concurrently, many nationals of this and other countries have, during several generations, gone to China, established themselves there in various occupations and activities, and subjected themselves both to the advantages and to the disadvantages of the conditions prevailing there; and the American Government has, along with other governments, accepted various rights and incurred various obligations. In a situation such as now prevails, many of our nationals cannot suddenly disavow or cut themselves off from the past nor can the American Government suddenly disavow its obligations and responsibilities. The American naval vessels and the small contingents of American land forces which have been maintained in China were placed and have been kept there solely for the purpose of assisting in the maintenance of order and security as affecting the lives, the property and the legitimate activities of American nationals, especially in regard to conditions of local disorder and unauthorized violence. These vessels and troops have never had in any sense any mission of aggression. It has long been the desire and expectation of the American Government that they shall be withdrawn when their appropriate function is no longer called for. We had thought a few months ago that the opportune moment for such a withdrawal was near at hand. The present, however, does not seem an opportune moment for effecting that withdrawal.

Officers of the American Government have repeatedly and earnestly advised American citizens, in face of dangers incident to residence in China, to withdraw and are making every effort to

provide safe means whereby they may depart. During the current situation in China the American military and naval forces have rendered important service in protecting the lives of American nationals, in assisting in evacuating Americans from areas of special danger, and in making possible the maintenance of uninterrupted communications with our nationals and our diplomatic and consular establishments in the areas involved.

As of possible interest in this connection there is enclosed a press release issued by the Department on August 23, 1937, outlining the policy on which the Government is proceeding with reference to the situation in the Far East.

I am very grateful for your courtesy in bringing to my attention your views in regard to the situation in the Far East, and I assure you that we welcome at all times thoughtful views and comment on any phase of our foreign relations.

Sincerely yours,

Cordell Hull"

Source: The Department of State, *Press Releases*, December 25, 1937, pp. 495-6.

9. UNITED STATES NOTE ACCEPTING JAPAN'S EXPRESSION OF REGRET FOR THE SINKING OF THE U.S.S. PANAY. DECEMBER 25, 1937.

"The Government of the United States refers to its note of December 14, the Japanese Government's note of December 14 and the Japanese Government's note of December 24 in regard to the attack by Japanese armed forces upon the U.S.S. *Panay* and three American ships.

"In this Government's note of December 14 it was stated that 'the Government of the United States requests and expects of the Japanese Government a formally recorded expression of regret, an undertaking to make complete and comprehensive indemnifications; and an assurance that definite and specific steps have been taken which will ensure that hereafter American nationals, interests and property in China will not be subjected to attack by Japanese armed forces or unlawful interference by any Japanese authorities or forces whatsoever.'

"In regard to the first two items of the request made by the Government of the United States, the Japanese Government's note of December 24 reaffirms statements made in the Japanese Government's note of December 14 which read 'the Japanese Government regret most profoundly that it (the present incident) has caused damages to the United States' man-of-war and ships and casualties among those on board, and desire to present hereby sincere apologies. The Japanese Government will make indemnifications for all the losses and will deal appropriately with those responsible for

the incident.' In regard to the third item of the request made by the Government of the United States, the Japanese Government's note of December 24 recites certain definite and specific steps which the Japanese Government has taken to ensure, in words of that note, 'against infringement of, or unwarranted interference with, the rights and interests of the United States and other third powers' and states that 'the Japanese Government is thus endeavoring to preclude absolutely all possibility of the recurrence of incidents of a similar character.'

"The Government of the United States observed with satisfaction the promptness with which the Japanese Government in its note of December 14 admitted responsibility, expressed regret, and offered amends.

"The Government of the United States regards the Japanese Government's account, as set forth in the Japanese Government's note of December 24, of action taken by it as responsive to the request made by the Government of the United States in this Government's note of December 14.

"With regard to the facts of the origins, causes and circumstances of the incident, the Japanese Government indicates in its note of December 24 the conclusion at which the Japanese Government, as a result of its investigation, has arrived. With regard to these same matters, the Government of the United States relies on the report of findings of the Court of Inquiry of the United States Navy, a copy of which has been communicated officially to the Japanese Government.

"It is the earnest hope of the Government of the United States that the steps which the Japanese Government has taken will prove effective toward preventing any further attacks upon or unlawful interference by Japanese authorities or forces with American nationals, interests or property in China."

Source: The Department of State, *Press Releases*, December 25, 1937, pp. 498-9.

10. SECRETARY HULL'S LETTER TRANSMITTING INFORMATION REQUESTED IN SENATE RESOLUTION 210. JANUARY 8, 1938.

Department of State
Washington, D. C.
January 8, 1938

"The Vice President
United States Senate
Sir:

On January 6, I received a copy attested by the Secretary of the Senate of Senate Resolution No. 210 of January 5, 1938, which reads as follows:

'Resolved, That the Secretary of State is requested to transmit to the Senate at the earliest practicable time the following information, based upon the latest available statistics: (1) The approximate number of American nationals residing in the Republic of China on or about August 9, 1936, the number temporarily in China on said date, and the number now residing therein; (2) if not inconsistent with the public interest, the approximate number of officers and enlisted personnel of our Army, Navy, and Marine Corps now stationed in said Republic; and (3) the approximate amount of American capital invested in said Republic and the names and addresses of the principal investors.'

In reply:

1. The request for figures giving the approximate number of American nationals residing in the Republic of China on or about August 9, 1936, the number temporarily in China on said date, and the number now residing therein, can be answered only by the use of and the making of certain estimates. The figures available to the Department are approximate figures as of the dates January 1, 1936, January 1, 1937, and November 6, 1937.

(a) On the basis of figures relating to January 1, 1936, and the figures relating to January 1, 1937, it is the Department's belief that the number of American residents in China as of August 9, 1936, would approximate 10,350.

(b) For the number of American nationals temporarily in China on or about August 9, 1936, there are no figures available. However, there were issued or renewed during the year 1936 for travel in the Far East American passports to the number of 10,636, and it is to be presumed that a considerable number of the persons who received these passport services visited China (or, if residing there, were there or returned thereto) during that year.

(c) With regard to the number of American nationals now residing in the Republic of China, the information available to the Department indicates that in July 1937 at the beginning of the present Sino-Japanese hostilities there were in China approximately 10,500 American nationals; that of this number some 4,600 were evacuated up to November 6; and that there now are in China approximately 6,000 American nationals.

2. With regard to the approximate number of officers and enlisted personnel of our Army, Navy, and Marine Corps stationed in the Republic of China, the United States now has armed forces ashore at three points in China:

| | |
|-----------------------------------|-------|
| At Peiping (U. S. Marines)..... | 528 |
| At Tientsin (U. S. Army) | 814 |
| At Shanghai (U. S. Marines) | 2,555 |

Of the force of U. S. Marines at Shanghai approximately 1,500 represent reinforcements and relief sent to that port in August 1937 for temporary duty as a result of and in order to cope with problems occasioned by the present emergency situation in the way of protecting American nationals. Approximately 100 of this reinforcement have already been withdrawn.

With regard to the approximate number of officers and enlisted personnel of our Navy stationed in Chinese waters, I am informed by the Navy Department that at this time the total personnel on all United States naval vessels now in Chinese waters is 129 officers and 1,671 men, including marines on ships. This personnel is on 13 United States naval vessels, which constitute a part of the United States Asiatic Fleet, based on Manila. The United States Asiatic Fleet comprises 44 vessels, which, with the exception of the flagship, the U.S.S. *Augusta*, a heavy cruiser, are ships of the lighter categories—destroyers, submarines and gunboats, with certain auxiliary vessels. Of the 44 vessels of the Asiatic Fleet, only 13 are now in Chinese waters and of this 13 only 9, consisting for the most part of small, river gunboats, are on duty exclusively in Chinese waters. These 9 gunboats have a total personnel of 69 officers and 896 men.

3. With regard to the approximate amount of American capital invested in the Republic of China and the names and addresses of the principal investors, the most authoritative information available to the Department of State as to American investments in China is that contained in the statement which the Secretary of Commerce sent to Senator Gerald P. Nye, under date January 4, 1938, the text of which is published in the *Congressional Record* of January 5, pages 63, 64. For convenience of reference there is quoted the first paragraph of the statement furnished by the Secretary of Commerce, reading as follows:

‘The latest official figures of American investments abroad on a by-country basis are those published in the Balance of International Payments of the United States in 1933, pages 53 to 62. Insofar as China is concerned, the total remains practically the same as in 1933—\$132,000,000. To this total, for some purposes, may be added (1) approximately \$40,000,000 of Chinese obligations that have been in default since the World War; (2) from twenty-five to thirty million dollars to cover the properties of American citizens permanently residing in China; and (3) about \$40,000,000 of properties of American missionary and charitable organizations.’

With regard to the names and addresses of the principal American investors, the Department maintains no complete lists of individual American investors in China and is not authoritatively informed as to the amount of the investments of individual firms, societies, or organizations. Professor Charles F. Remer’s book entitled *Foreign*

Investments in China (the Macmillan Company, New York, 1933)—which is referred to in the statement of the Secretary of Commerce mentioned above—contains statements that American “business investments” include the investments of 352 different firms, of men in the various professions, and of clubs and similar organizations; that the property of American missions and philanthropic societies includes the investments of over forty Protestant societies, nine Catholic societies or orders, and ten educational, medical, and philanthropic institutions.

It may be considered of interest as a part of the background of general policy to give additional information and comment as follows:

With regard to the U. S. Marine detachment at Peiping and the U. S. Army detachment at Tientsin, the American Government maintains these small detachments—and several other interested governments maintain similar detachments—pursuant to the provisions of the so-called Boxer Protocol of 1901 which was concluded between China and the representatives of the interested governments, including the American Minister to China. The purpose of maintaining these troops is to contribute to the protection of American nationals (including the diplomatic personnel) and, in case of emergency calling for evacuation, making available an armed escort.

With regard to the U. S. Marine detachment at Shanghai, the Government of the United States has since 1927—as have various other governments—maintained in the International Settlement at that port a small detachment of armed forces for the purpose of assisting in protecting the large number of American citizens residing in that area from the dangers incident to serious disorders possibly beyond the control of the local authorities.

With regard to the United States naval vessels in Chinese waters, the Government of the United States has—as have other similarly interested governments—maintained gunboats in Chinese waters since the 1840's primarily for the purpose of contributing to the protection of American citizens. The authority for stationing naval vessels in Chinese waters is found in the Sino-American Treaty of 1858 and in provisions of somewhat similar treaties between China and other foreign powers which provisions inure to the benefit of the United States through most-favored-nation treatment.

American armed forces in China are there for the protection of American nationals primarily against mobs or other uncontrollable elements. They have no mission of aggression. It has been the desire and the intention of the American Government to remove these forces when performance of their function of protection is no longer called for, and such remains its desire and expectation. Develop-

ments in China during the years immediately preceding the outbreak of the present hostilities between China and Japan afforded the Government of the United States reasonable expectation that the armed forces of this country might soon be withdrawn from China in an orderly way and to the advantage of this and other countries. The normal trend of events, however, was interrupted when fighting broke out and spread to various parts of China.

During the current situation in China—as in various previous situations of emergency—the American armed forces in China have rendered important service in protecting the lives of American nationals, in assisting in evacuating Americans from areas of special danger, and in making possible the maintenance of uninterrupted communications with and for our nationals and our diplomatic and consular establishments in the areas involved.

Confronted by the present emergency situation in the Far East, which is attended by extraordinary hazards to everyone in the affected areas, this Government has endeavored to accord to American nationals in that region appropriate and practicable protection, as the Government of the United States always has done in similar situations in all parts of the world. From approximately 1825 until the outbreak of the Spanish-American War, the United States maintained a squadron of naval vessels in the Mediterranean, primarily for the purpose of according protection in the broadest possible sense to American citizens. Subsequent to the World War, the United States maintained a squadron of naval vessels in European waters for the same general purpose. This squadron was gradually withdrawn. In July, 1936, when civil war developed in Spain there happened to be a number of United States naval vessels cruising in European waters. Because of the hazard to the lives of American nationals in Spain and with a view to facilitating withdrawal of American citizens from that country and rendering needed protection, three of the United States naval vessels then in European waters were sent to Spanish ports; also, a United States Coast Guard cutter which was then in European waters. The United States now maintains three naval vessels in proximity to Spanish waters for the purpose indicated above. Thus what the Government of the United States is doing in China is entirely consistent with long-established policy and practice of the United States and the well-recognized duty of the Government to afford protection to American nationals.

The interest and concern of the United States in the Far Eastern situation, in the European situation, and in situations on this continent are not measured by the number of American citizens residing in a particular country at a particular moment nor by the amount of investment of American citizens there nor by the volume

of trade. There is a broader and much more fundamental interest—which is that orderly processes in international relationships be maintained. Referring expressly to the situation in the Far East, an area which contains approximately half the population of the world, the United States is deeply interested in supporting by peaceful means influences contributory to preservation and encouragement of orderly processes. This interest far transcends in importance the value of American trade with China or American investments in China; it transcends even the question of safeguarding the immediate welfare of American citizens in China.

In connection with the problem of affording appropriate protection to Americans in China, there must be kept in mind the fact that we have nationals residing in practically every country of the world and that every year some 200,000 of our citizens go abroad; that these include large numbers of students, teachers, religious leaders, laborers, executives and merchants, men, women, and children; that the number of Americans proceeding abroad for business purposes is not greater than, is probably less than, the number who go abroad for educational, cultural and philanthropic purposes; and that a policy of abandoning American nationals in any one part of the world would have inevitable and serious repercussions adverse to the legitimate rights of Americans and the legitimate interests of this country in other parts, in most parts, of the world.

In emergency situations such as that which now prevails in the Far East, the Government endeavors to pursue in regard to the question of affording appropriate protection a course based upon calm reason. We endeavor to afford those measures of protection which are called for by and are in accord with the realities of the situation. Since the beginning of the present Chinese-Japanese conflict, this government and its officers in China have repeatedly and earnestly advised American citizens, in face of dangers incident to situations of danger, to withdraw, and in the present situation we are making every effort to provide safe means whereby they may depart. When situations of acute danger develop or seem likely to develop at particular points, our officers redouble their efforts to effect the safe withdrawal of American citizens from these points. When the situation at particular points becomes more tranquil and less likely to present serious hazard to the lives of American citizens, the course is followed of withdrawing armed forces which may have been sent to those points.

In the present situation in the Far East, the Government of the United States is affording appropriate protection and assistance to American nationals, as this Government always has done. The American Government is also upholding principles, as it has always done.

It has asked and is asking that the rights of the United States and the rights of our people be respected, and at the same time it has sought and is seeking to avoid involvement of this country in the disputes of other countries.

The principles which the Government of the United States is following in its international relationships are set forth in the statement which I made on July 16, 1937. A copy of this statement and a copy of a further statement which I made on August 23 are enclosed for convenience of reference. We are directing our whole thought and effort toward making effective the policies, especially the policy of peace, in which this country believes and to which it is committed.

I have the honor (etc.)

Cordell Hull"

Source: The Department of State, *Press Releases*, January 15, 1938, pp. 100-5.

11. U. S. NOTE OF PROTEST AGAINST VIOLATION OF AMERICAN RIGHTS IN THE LOWER YANGTZE VALLEY. JANUARY 17, 1938.

"I am instructed by my Government to bring to Your Excellency's attention reports and complaints from American residents that in the course of recent military operations at Nanking, Hangchow, and other places the Japanese armed forces have repeatedly entered American property illegally and removed goods and employees and committed other acts of depredation against American property which has almost invariably been marked by American flags and by notices in English, Chinese and Japanese issued by the American authorities and setting forth the American character of the property concerned. According to these reports not only have Japanese soldiers manifested a complete disregard for these notices but they have also in numerous instances torn down, burned and otherwise mutilated American flags. I am directed to impress upon Your Excellency the seriousness with which my Government regards such acts and to convey its most emphatic protest against them. My Government finds it impossible to reconcile the flagrant disregard of American rights shown by Japanese troops as above described with the assurances contained in Your Excellency's note of December 24, 1937, that 'rigid orders have been issued to the military, naval and Foreign Office authorities to pay . . . greater attention than hitherto to observance of the instructions that have been repeatedly given against infringement of, or unwarranted interference with, the rights and interests of the United States and other third powers.'

"In view of the fact that a number of these acts are reported as having occurred subsequent to the receipt of the aforementioned assurances of the Imperial Japanese Government and inasmuch as

this disregard of American rights is reported as still continuing, the American Government is constrained to observe that the steps which the Japanese Government have so far taken seem inadequate to ensure that hereafter American nationals, interests and property in China shall not be subjected to attack by Japanese armed forces or unlawful interference by any Japanese authorities or forces whatsoever. My Government must, therefore, request that the Imperial Japanese Government reenforce the instructions which have already been issued in such a way as will serve effectively to prevent the repetition of such outrages."

Source: The Department of State, *Press Releases*, January 29, 1938, pp. 177-8.

12. SUBSTANCE OF AMERICAN NOTE RELATIVE TO JAPANESE WARNING TO FOREIGN NATIONALS TO WITHDRAW FROM DESIGNATED AREAS IN CHINA. ISSUED BY STATE DEPARTMENT ON FEBRUARY 25, 1938.

"There rests upon American officials and other American nationals in China no obligation whatsoever to take precautionary measures requested on behalf of the contending forces toward safeguarding American lives and interests. Precautionary measures have voluntarily been advised by this government and its officials, and they have been voluntarily undertaken insofar as possible, and such measures will continue voluntarily to be taken. Nevertheless, irrespective of whether American nationals take or do not take such precautionary measures as are suggested, the obligation remains on the Japanese military authorities to exert the utmost precaution to the end that American nationals and property shall not be injured by their military operations. Whether requests of the Japanese military authorities have or have not been complied with, if American nationals or property are injured in consequence of the operations of Japanese armed forces, the United States Government will be compelled to attribute to the government controlling the armed forces responsibility for the damage."

Source: *New York Times*, February 26, 1938.

13. U. S. NOTE TO JAPAN PRESENTING CLAIMS FOR DAMAGE INCURRED IN THE SINKING OF THE PANAY. MARCH 21, 1938.

"Reference is made to the exchanges of communications between my Government and the Government of Japan regarding the attack upon the U.S.S. *Panay* and American merchant vessels on December 12, 1937, by Japanese armed forces and to the assurances contained in your Government's note dated December 14, 1937, and reaffirmed in its note of December 24, 1937, that the Japanese Gov-

ernment would make 'indemnifications for all the losses sustained.'

"I am instructed by my Government to state that it finds (1) that the amount of the property losses sustained is \$1,945,670.01, and (2) that the amount of the indemnification which should be paid in the death and personal injury cases is \$268,337.35. Therefore the total amount which my Government is prepared to accept is \$2,-214,007.36.

"These figures have been arrived at after careful consideration and represent only the actual property losses and a conservative estimate of the damages resulting from deaths and personal injuries. The amount includes no item of punitive damages."

Source: The Department of State, *Press Releases*, March 26, 1938, p. 410.

14. U. S. NOTE, EXCHANGED WITH OTHER SIGNATORIES OF THE LONDON NAVAL TREATY OF 1936, GIVING NOTICE OF INTENTION TO ESCALATE UNDER ARTICLE 25 OF THAT TREATY. MARCH 31, 1938.

"With reference to Article 25 of the Naval Treaty signed in London on March 25, 1936, I have the honor to notify Your Excellency, in accordance with paragraph (2) of that Article, that the Government of the United States of America finds it necessary to exercise the right of escalation reserved in paragraph (1) and of effecting a departure from the limitations and restrictions of the Treaty.

"The proposed departure relates to the upper limits of capital ships of sub-category (a) and to the calibre of guns which may be mounted on capital ships of sub-category (a).

"The above action is motivated by the fact that upon receipt of reports to the effect that Japan is constructing or has authorized the construction of capital ships of a tonnage and armament not in conformity with the limitations and restrictions of the Treaty, the Government of the United States addressed an inquiry to the Japanese Government and the Japanese Government did not choose to furnish information with regard to its present naval construction or its plans for future construction."

Source: The Department of State, *Press Releases*, April 2, 1938, p. 437.

15. U. S. NOTE REGARDING STATUS OF AMERICAN PROPERTY IN CHINA OCCUPIED BY JAPANESE FORCES. MAY 31, 1938.

"The problem of enabling American citizens in China to re-enter and repossess their properties, from which they have been excluded by the Japanese military and of which the Japanese military have

been and in some cases still are in occupation, is giving the Government of the United States increasing concern.

"An illustrative case is that of the property of the University of Shanghai, a large and valuable plant located at Shanghai in the Yangtzepoo district. This university has been engaged for many years in educational work and is jointly owned by the Northern and Southern Baptist Missionary Societies. The premises of the university have been under continuous occupation by Japanese military and naval units since shortly after the outbreak of hostilities at Shanghai in August 1937. It is understood that the premises have been used by the Japanese for quartering troops and for military offices, and a portion of the campus for stationing airplanes and supplementing the runway for airplanes on the adjacent golf course which has been converted by the Japanese into a military flying field. During the period of Japanese occupancy several buildings have been damaged and the majority looted. Japanese occupation of the property has continued for a period of nine months, notwithstanding the fact that hostilities in this locality long ago ceased. Repeated written and oral representations made by the American Embassy at Tokyo to the Japanese Government and by the American Consul General at Shanghai to the Japanese authorities there have not so far resulted in bringing about restoration of the premises to the rightful owners. Recently, representatives of the Baptist missionary societies have stressed, on behalf of the six million Baptists in the United States, the urgent need for the return to their possession of this important missionary educational property.

"In various places in the lower Yangtze Valley American business men and missionaries have been prevented by the Japanese authorities from returning to their places of business and mission stations and are denied even casual access to their properties. The American Consul General at Shanghai has made applications for passes in behalf of several American firms with important interests in that area, in order to permit the representatives and employees of the firms to resume business there, but such applications have repeatedly been refused by the Japanese authorities on the ground that peace and order have not been sufficiently restored. This has been the case even when the applications were for visits for the purpose of taking steps to prevent further deterioration of their properties, including stocks and equipment, during their enforced absence. Many Japanese merchants and their families are known to be in the localities to which these Americans seek to return.

"American missionaries also have been prevented from returning to their stations in the lower Yangtze Valley. Certain mission properties in this region which were formerly under occupation by Japanese troops are now reported to have been vacated as a result of

Japanese troop transfers, and the missionary societies concerned feel it highly important that their representatives reoccupy and preserve such properties. In view of the fact that Japanese civilians are freely permitted to go into and reside in such areas—as, for example, at Nanking where some eight hundred Japanese nationals, including a substantial number of women and children, are reported to be in residence—it is difficult to perceive any warrant for the continued placing by the Japanese authorities of obstacles in the way of return by Americans who have legitimate reason for proceeding to the areas in question.

“My Government is confident that the Japanese Government cannot but concede that the infringement of and interference with American rights in China by the Japanese authorities involved in the situation to which attention is herein brought are contrary to the repeated assurances of the Japanese Government that the American rights will be respected; that the Japanese Government will take immediate steps, in keeping with such assurances, to cause the return to their rightful owners of the premises of the University of Shanghai and other American property under the occupation of Japanese armed forces; and that the Japanese Government will issue instructions to have removed the obstacles interposed by the Japanese authorities in China against return by American nationals to places such as those mentioned in the areas under Japanese military occupation.”

Source: The Department of State, *Press Releases*, June 4, 1938, pp. 635-7.

16. WARNING ADDRESSED BY COMMERCE DEPARTMENT TO AMERICAN EXPORTERS REGARDING PAYMENT FOR GOODS SHIPPED TO JAPAN. JUNE 1938.

“In view of all the factors involved, it appears advisable that exporters should have a confirmed irrevocable letter of credit in their hands before accepting orders for shipments to Japan.

“The procurement of exchange permits in Japan is becoming increasingly difficult and is a matter of growing concern to Japanese importers. It is understood that certain Japanese firms have recently contracted with American exporters on the basis of payment before arrival of the goods in Japan. It would appear, however, that Japanese importers have no means of foretelling in advance whether or not their applications for exchange permits will be granted. Private Japanese importers are obviously not in a position to bind the Ministry of Finance in this matter. Although it is understood that certain contracts of this nature have been successfully consummated in the past, such instances afford no assurance as to the future.

"In view of the increasing severity with which the exchange restrictions in Japan are being enforced, it is believed that a confirmed irrevocable letter of credit offers the American exporter the most satisfactory assurance that the Japanese importer has fully complied with the regulations and that payment will be duly forthcoming."

Source: *The Christian Science Monitor*, June 22, 1938.

17. TEXT OF PROTOCOL TO LONDON NAVAL TREATY OF 1936, AND
ACCOMPANYING STATEMENT BY THE AMERICAN GOVERNMENT.
JUNE 30, 1938.

"Following the refusal of Japan to furnish information with regard to its naval construction, or its plans for future construction, the powers parties to the London Naval Treaty of 1936—that is, the United States, Great Britain, and France—mutually reached the decision to depart from the limits of the treaty in the battleship category and, on April 1, exchanged notes announcing their intention to escalate.

"Under the terms of the treaty, the next step following the formal announcement of intention to escalate is consultation over a period of three months to determine whether new limits can be fixed and if so what these new limits will be. Accordingly, the representatives of the three powers met at London on April 12 and at intervals thereafter in order to explore the possibilities of limitation.

"All three powers, in this consultation, took the ground that, in view of all the circumstances, there must be a departure from the limits of the treaty. The United States, wishing to maintain in effect naval limitation insofar as possible, informed the other signatory powers of its willingness to accept a new limitation of 45,000 tons on the size and 16 inches in the armament of capital ships. When it is decided to build larger capital ships, these limits are, from a technical point of view, believed most nearly to correspond with the naval defense needs of the United States.

"The protocol signed today at London by the signatories to the London treaty of 1936 gives formal approval to the fixing of the new limitation to the tonnage of capital ships. . . . The text is as follows:

'Whereas by Article Four (1) of the Treaty for the Limitation of Naval Armaments signed in London on 25th March, 1936, it is provided that no capital ship shall exceed 35,000 tons (35,600 metric tons) standard displacement;

'And whereas by reason of Article Four (2) of the said Treaty the maximum calibre of gun carried by capital ships is 16 inches (406 mm.);

'And whereas on the 31st March, 1938, His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America gave notice under paragraph (2) of Article 25 of the said Treaty of their decision to exercise the right provided for in paragraph (1) of the said Article to depart from the limitations and restrictions of the Treaty in regard to the upper limits of capital ships of sub-category (a);

'And whereas consultations have taken place as provided in paragraph (3) of Article 25, with a view to reaching agreement in order to reduce to a minimum the extent of the departures from the limitations and restrictions of the Treaty;

'The undersigned, duly authorized by their respective governments have agreed as follows:

'One. As from this day's date the figure of 35,000 (35,560 metric tons) in Article Four (1) of the said Treaty shall be replaced by the figure of 45,000 tons (45,720 metric tons).

'Two. The figure of 16 inches (406 mm.) in Article Four (2) remains unaltered.

'Three. The present protocol, of which the French and English texts shall both be equally authentic, shall come into force on this day's date.

'In faith whereof the undersigned have signed the present protocol.

'Done in London the 30th day of June, 1938.'

"The British Government has today addressed a note to the Government of the United States stating that the two capital ships provided for in the current year's estimates will not exceed 40,000 tons (40,640 metric tons). The note also states that should it at any time be found necessary to construct capital ships of a higher tonnage than 40,000 tons (40,640 metric tons), notification of such intention would be made in the ordinary way to the other interested powers in accordance with the provisions of the London Naval Treaty of 1936."

Source: The Department of State, *Press Releases*, July 2, 1938, pp. 10-11.

18. U. S. NOTE OF PROTEST AGAINST JAPANESE ATTACK ON COMMERCIAL PLANE. AUGUST 26, 1938.

"Excellency:

"Acting under instructions, I have the honor on behalf of my Government to protest to Your Excellency against the unwarranted attack on August 24, 1938 near Macao, by Japanese airplanes upon a commercial airplane operated by the China National Aviation Corporation resulting in a total destruction of the commercial air-

plane, the loss of the lives of a number of non-combatant passengers, and the endangering of the life of the American pilot.

"This attack upon the plane has aroused public feeling in the United States.

"I am directed to point out to Your Excellency, with reference to the attack in question, that not only was the life of an American national directly imperilled but loss was also occasioned to American property interests as the Pan American Airways has a very substantial interest in the China National Aviation Corporation.

"I am directed to invite the special attention of Your Excellency to the following points in the account of Pilot Wood: The China National Aviation Corporation plane was pursued by Japanese planes which started machine gunning; after the China National Aviation Corporation plane had successfully landed it was followed down by Japanese pursuit planes which continued to machine gun it until it had sunk; and when Pilot Wood started swimming across the river he was followed by one of the Japanese planes which continued to machine gun him.

"My Government desires to express its emphatic objection to the jeopardizing in this way of the lives of American as well as other non-combatant occupants of unarmed planes engaged in clearly recognized and established commercial services over a regularly scheduled air route.

"I avail myself (etc.),

Joseph C. Grew"

Source: The Department of State, *Press Releases*, August 27, 1938, pp. 146-7.

19. U. S. NOTE TO JAPAN REGARDING JAPANESE VIOLATION OF AMERICAN RIGHTS IN CHINA. OCTOBER 6, 1938.

"The Government of the United States has had frequent occasion to make representations to Your Excellency's Government in regard to action taken and policies carried out in China under Japanese authority to which the Government of the United States takes exception as being, in its opinion, in contravention of the principle and the conditions of equality of opportunity or the 'Open Door' in China. In response to these representations, and in other connections, both public and private, the Japanese Government has given categorical assurances that equality of opportunity or the Open Door in China will be maintained. The Government of the United States is constrained to observe, however, that notwithstanding the assurances of the Japanese Government in this regard violations by Japanese agencies of American rights and interests have persisted.

"As having, by way of illustration, a bearing upon the situation to

which the Government of the United States desires to invite the attention of the Japanese Government, it is recalled that at the time of the Japanese occupation of Manchuria the Japanese Government gave assurances that the Open Door in Manchuria would be maintained. However, the principal economic activities in that area have been taken over by special companies which are controlled by Japanese nationals and which are established under special charters according them a preferred or exclusive position. A large part of American enterprise which formerly operated in Manchuria has been forced to withdraw from that territory as a result of the preferences in force there. The arrangements between Japan and the regime now functioning in Manchuria allow the free movement of goods and funds between Manchuria and Japan while restricting rigidly the movement of goods and funds between Manchuria and countries other than Japan.

"This channeling of the movement of goods is effected primarily by means of exchange control exercised under the authority of regulations issued under an enabling law which provide expressly that for the purposes of the law Japan shall not be considered a foreign country nor the Japanese yen a foreign currency. In the opinion of my Government equality of opportunity or the Open Door has virtually ceased to exist in Manchuria notwithstanding the assurances of the Japanese Government that it would be maintained in that area.

"The Government of the United States is now apprehensive lest there develop in other areas of China which have been occupied by Japanese military forces since the beginning of the present hostilities a situation similar in its adverse effect upon the competitive position of American business to that which now exists in Manchuria.

"On April 12, 1938, I had occasion to invite the attention of Your Excellency's predecessor to reports which had reached the Government of the United States indicating that discrimination in favor of Japanese trade with North China was likely to be effected by means of exchange control and to ask for assurances that the Japanese Government would not support or countenance financial measures discriminatory against American interests. Although the Minister for Foreign Affairs stated then that the Japanese Government would continue to support the principle of equal opportunity or the Open Door in China, no specific reply has yet been made by the Japanese Government on the subject of these representations.

"The Government of the United States now learns that the Japanese authorities at Tsingtao have in effect established an exchange control, that they are exercising a discretionary authority to prohibit exports unless export bills are sold to the Yokohama Specie

Bank, and that the Bank refuses to purchase export bills except at an arbitrary rate far lower than the open market rate prevailing at Tientsin and Shanghai. A somewhat similar situation apparently prevails at Chefoo. Furthermore, reports continue to reach the American Government that a comprehensive system of exchange control will soon be established throughout North China. Control of foreign exchange transactions gives control of trade and commercial enterprise, and the exercise, either directly or indirectly, by the Japanese authorities of control of exchange in North China would place those authorities in position to thwart equality of opportunity or free competition between Japan and the United States in that area. In such a situation, imports from and exports to the United States, as well as the choice of dealers in North China, would be entirely subjected to the dispensation of the Japanese authorities. Notwithstanding the short time that the exchange control has been enforced in Tsingtao, two cases of discrimination have already been brought to the attention of the Government of the United States. In one instance an American dealer in a staple commodity has been unable to export to the United States because Japanese authorities there have insisted that his export bills be sold to a Japanese bank at a rate so far below the current rate of exchange of the Chinese currency in the open market that such transactions would involve a loss rather than a profit; but a Japanese competitor recently completed a large shipment invoiced at a price in United States dollars which was equivalent to the local market price calculated at the current open market rate. In the other instance, an American firm was prevented from purchasing tobacco in Shantung unless it should purchase so-called Federal Reserve Notes or yen currency with foreign exchange and at an arbitrary and low rate of exchange, conditions not imposed upon the company's Japanese or Chinese competitors.

"The Government of the United States has already pointed out to the Japanese Government that alterations of the Chinese customs tariff by the regimes functioning in those portions of China occupied by Japanese armed forces and for which the Japanese Government has formally assured its support are arbitrary and illegal assumptions of authority for which the Japanese Government has an inescapable responsibility. It is hardly necessary to add that there can be no equality of opportunity or Open Door in China so long as the ultimate authority to regulate, tax, or prohibit trade is exercised, whether directly or indirectly, by the authorities of one 'foreign' power in furtherance of the interests of that power.

"It would appear to be self-evident that a fundamental prerequisite of a condition of equality of opportunity or Open Door in China is the absence in the economic life of that country of preferences or monopolistic rights operating directly or indirectly in favor

of any foreign country or its nationals. On July 4, I spoke to General Ugaki of the desire of the American Government that there would be avoided such restrictions and obstacles to American trade and other enterprises as might result from the setting up of special companies and monopolies in China. The Minister was so good as to state that the Open Door in China would be maintained and that the Government of the United States might rest assured that the Japanese Government would fully respect the principle of equal opportunity.

"Notwithstanding these assurances, the provisional regime in Peiping announced on July 30th the inauguration as of the following day of the China Telephone and Telegraph Company, the reported purpose of this organization being to control and to have exclusive operation of telephone and telegraph communications in North China. There was organized in Shanghai on July 31st the Central China Telecommunications Company, and the Special Service Section of the Japanese Army has informed foreign cable and telegraph companies that the new company proposes to control all the telecommunications in central China. According to a semi-official Japanese press report there was organized at Shanghai on July 28 the Shanghai Inland Navigation Steamship Company, to be controlled by Japanese, the reported object of which is to control water transportation in the Shanghai delta area. According to information which has reached my Government, a Japanese company has been organized to take over and operate the wharves at Tsingtao which have hitherto been publicly owned and operated. Should such a development occur, all shipping of whatever nationality would become dependent upon a Japanese agency for allotments of space and stevedoring facilities. The wool trade in North China is now reported to be a Japanese monopoly and a tobacco monopoly in that area is reported to be in process of formation. Moreover, according to numerous reports which have been reaching my Government, the Japanese Government is proceeding with the organization of two special promotion companies which it has chartered and which it will control with the object of investing in, unifying and regulating the administration of certain large sectors of economic enterprise in China.

"The developments of which I have made mention are illustrative of the apparent trend of Japanese policy in China and indicate clearly that the Japanese authorities are seeking to establish in areas which have come under Japanese military occupation general preferences for, and superiority of, Japanese interests, an inevitable effect of which will be to frustrate the practical application of the principle of the Open Door and deprive American nationals of equal opportunity.

"I desire also to call Your Excellency's attention to the fact that unwarranted restrictions placed by the Japanese military authorities upon American nationals in China—notwithstanding the existence

of American treaty rights in China and the repeated assurances of the Japanese Government that steps had been taken which would insure that American nationals, interests, and properties would not be subject to unlawful interference by Japanese authorities—further subject American interests to continuing serious inconvenience and hardship. Reference is made especially to the restrictions placed by the Japanese military upon American nationals who desire to re-enter and reoccupy properties from which they have been driven by hostilities and of which the Japanese military have been or still are in occupation. Mention may also be made of the Japanese censorship of and interference with American mail and telegrams at Shanghai, and of restrictions upon freedom of trade, residence and travel by Americans, including the use of railways, shipping, and other facilities. While Japanese merchant vessels are carrying Japanese merchandise between Shanghai and Nanking, those vessels decline to carry merchandise of other countries, and American and other non-Japanese shipping is excluded from the lower Yangtze on the grounds of military necessity. Applications by American nationals for passes which would allow them to return to certain areas in the lower Yangtze Valley have been denied by the Japanese authorities on the ground that peace and order have not been sufficiently restored, although many Japanese merchants and their families are known to be in those areas.

“American nationals and their interests have suffered serious losses in the Far East arising from causes directly attributable to the present conflict between Japan and China, and even under the most favorable conditions an early rehabilitation of American enterprise in China and of American trade with China cannot be expected. The American Government, therefore, finds it all the more difficult to reconcile itself to a situation in which American nationals must contend with continuing unwarranted interference with their rights at the hands of the Japanese authorities in China and with Japanese actions and policies which operate to deprive American trade and enterprise of equality of opportunity in China. It is also pertinent to mention that in Japan, too, American trade and other interests are undergoing severe hardships as a result of the industrial, trade, exchange and other controls which the Japanese Government has imposed incident to its military operations in China.

“While American interests in the Far East have been thus treated at the hands of the Japanese authorities, the Government of the United States has not sought either in its own territory or in the territory of third countries to establish or influence the establishment of embargoes, import prohibitions, exchange controls, preferential restrictions, monopolies or special companies designed to eliminate or having the effect of eliminating Japanese trade and enterprise. In its treatment of Japanese nationals and their trade

and enterprise, the American Government has been guided not only by the letter and spirit of the Japanese-American Commercial Treaty of 1911 but by those fundamental principles of international law and order which have formed the basis of its policy in regard to all peoples and their interests; and Japanese commerce and enterprise have continued to enjoy in the United States equality of opportunity.

"Your Excellency cannot fail to recognize the existence of a great and growing disparity between the treatment accorded American nationals and their trade and enterprise by Japanese authorities in China and Japan and the treatment accorded Japanese nationals and their trade and enterprise by the Government of the United States in areas within its jurisdiction.

"In the light of the situation herein reviewed, the Government of the United States asks that the Japanese Government implement its assurances already given with regard to the maintenance of the Open Door and to non-interference with American rights by taking prompt and effective measures to cause:

(1) The discontinuance of discriminatory exchange control and of other measures imposed in areas in China under Japanese control which operate directly or indirectly to discriminate against American trade and enterprise;

(2) The discontinuance of any monopoly or of any preference which would deprive American nationals of the right of undertaking any legitimate trade or industry in China, or of any arrangement which might purport to establish in favor of Japanese interests any general superiority of rights with regard to commercial or economic development in any region of China; and

(3) The discontinuance of interference by Japanese authorities in China with American property and other rights including such forms of interference as censorship of American mail and telegrams, and restrictions upon residence and travel by Americans and upon American trade and shipping.

"The Government of the United States believes that in the interest of relations between the United States and Japan an early reply would be helpful."

Source: The Department of State, *Press Releases*, October 29, 1938, pp. 283-6.

20. STATEMENT OF PRESIDENT ROOSEVELT REGARDING THE REPORT OF THE JOINT PREPARATORY COMMITTEE ON PHILIPPINE AFFAIRS. NOVEMBER 29, 1938.

"The report of the Joint Preparatory Committee on Philippine Affairs, which is being released to the public today in Washington and Manila, has the approval of the President of the United States

as the basis of Congressional consideration for the purpose of correcting the imperfections and inequalities of the Independence Act of March 24, 1934, against which the Filipino people have complained, and for the purpose of making more certain and definite the future commercial relationships between the United States and the Philippines after Philippine independence is attained.

"The accomplishment of these two objectives is important and urgent. Changes must be made in existing law before November 1940 if the disruption of several Philippine industries is to be avoided. In addition, it is desirable that at an early date some definite indication should be given by the legislative and executive branches of the United States Government as to the future commercial policy of the United States toward an independent Philippines so that the official and commercial representatives of the two countries can make such adjustments as may be required because of the relinquishment of United States sovereignty over the Philippines in 1946."

Source: The Department of State, *Press Releases*, December 3, 1938, pp. 383-4.

21. U. S. NOTE TO JAPAN REGARDING VIOLATION OF AMERICAN RIGHTS IN CHINA. DECEMBER 31, 1938.

"The Government of the United States has received and has given full consideration to the reply of the Japanese Government of November 18 to this Government's note of October 6 on the subject of American rights and interests in China.

"In the light of facts and experience the Government of the United States is impelled to reaffirm its previously expressed opinion that imposition of restrictions upon the movements and activities of American nationals who are engaged in philanthropic, educational and commercial endeavors in China has placed and will, if continued, increasingly place Japanese interests in a preferred position and is, therefore, unquestionably discriminatory, in its effect, against legitimate American interests. Further, with reference to such matters as exchange control, compulsory currency circulation, tariff revision, and monopolistic promotion in certain areas of China, the plans and practices of the Japanese authorities imply an assumption on the part of those authorities that the Japanese Government or the regimes established and maintained in China by Japanese armed forces are entitled to act in China in a capacity such as flows from rights of sovereignty and, further, in so acting to disregard and even to declare non-existent or abrogated the established rights and interests of other countries, including the United States.

"The Government of the United States expresses its conviction that the restrictions and measures under reference not only are unjust and unwarranted but are counter to the provisions of several binding international agreements, voluntarily entered into, to which both Japan and the United States, and in some cases other countries, are parties.

"In the concluding portion of its note under reference, the Japanese Government states that it is firmly convinced that 'in the face of the new situation, fast developing in East Asia, any attempt to apply to the conditions of today and tomorrow inapplicable ideas and principles of the past neither would contribute toward the establishment of a real peace in East Asia nor solve the immediate issues,' and that 'as long as these points are understood, Japan has not the slightest inclination to oppose the participation of the United States and other powers in the great work of reconstructing East Asia along all lines of industry and trade.'

"The Government of the United States in its note of October 6 requested, in view of the oft-reiterated assurances proffered by the Government of Japan of its intention to observe the principle of equality of opportunity in its relations with China, and in view of Japan's treaty obligations so to do, that the Government of Japan abide by these obligations and carry out these assurances in practice. The Japanese Government in its reply appears to affirm that it is its intention to make its observance of that principle conditional upon an understanding by the American Government and by other governments of a 'new situation' and a 'new order' in the Far East as envisaged and fostered by Japanese authorities.

"Treaties which bear upon the situation in the Far East have within them provisions relating to a number of subjects. In the making of those treaties, there was a process among the parties to them of give and take. Toward making possible the carrying out of some of their provisions, others among their provisions were formulated and agreed upon; toward gaining for itself the advantage of security in regard to certain matters, each of the parties committed itself to pledges of self-denial in regard to certain other matters. The various provisions agreed upon may be said to have constituted collectively an arrangement for safeguarding, for the benefit of all, the correlated principles on the one hand of national integrity and on the other hand of equality of economic opportunity. Experience has shown that impairment of the former of these principles is followed almost invariably by disregard of the latter. Whenever any government begins to exercise political authority in areas beyond the limits of its lawful jurisdiction there develops inevitably a situation in which the nationals of that government

demand and are accorded, at the hands of their government, preferred treatment, whereupon equality of opportunity ceases to exist and discriminatory practices, productive of friction, prevail.

"The admonition that enjoyment by the nationals of the United States of non-discriminatory treatment in China—a general and well-established right—is henceforth to be contingent upon an admission by the Government of the United States of the validity of the conception of Japanese authorities of a 'new situation' and a 'new order' in East Asia, is, in the opinion of this Government, highly paradoxical.

"This country's adherence to and its advocacy of the principle of equality of opportunity do not flow solely from a desire to obtain the commercial benefits which naturally result from the carrying out of that principle. They flow from a firm conviction that observance of that principle leads to economic and political stability, which are conducive both to the internal well-being of nations and to mutually beneficial and peaceful relationships between and among nations; from a firm conviction that failure to observe that principle breeds international friction and ill-will, with consequences injurious to all countries, including in particular those countries which fail to observe it; and from an equally firm conviction that observance of that principle promotes the opening of trade channels thereby making available the markets, the raw materials and the manufactured products of the community of nations on a mutually and reciprocally beneficial basis.

"The principle of equality of economic opportunity is, moreover, one to which over a long period and on many occasions the Japanese Government has given definite approval. It is one to the observance of which the Japanese Government has committed itself in various international agreements and understandings. It is one upon observance of which by other nations the Japanese Government has of its own accord and upon its own initiative frequently insisted. It is one to which the Japanese Government has repeatedly during recent months declared itself committed.

"The people and the Government of the United States could not assent to the establishment, at the instance of and for the special purposes of any third country, of a regime which would arbitrarily deprive them of the long-established rights of equal opportunity and fair treatment which are legally and justly theirs along with those of other nations.

"Fundamental principles, such as the principle of equality of opportunity, which have long been regarded as inherently wise and just, which have been widely adopted and adhered to, and which are general in their application, are not subject to nullification by a unilateral affirmation.

"With regard to the implication in the Japanese Government's note that the 'conditions of today and tomorrow' in the Far East call for a revision of the ideas and principles of the past, this Government desires to recall to the Japanese Government its position on the subject of revision of agreements.

"This Government had occasion in the course of a communication delivered to the Japanese Government on April 29, 1934, to express its opinion that 'treaties can lawfully be modified or be terminated, but only by processes prescribed or recognized or agreed upon by the parties to them.'

"In the same communication this Government also said, 'In the opinion of the American people and the American Government no nation can, without the assent of the other nations concerned, rightfully endeavor to make conclusive its will in situations where there are involved the rights, the obligations and the legitimate interests of other sovereign states.'

"In an official and public statement on July 16, 1937, the Secretary of State of the United States declared that this Government advocates 'adjustment of problems in international relations by processes of peaceful negotiation and agreement.'

"At various times during recent decades various powers, among which have been Japan and the United States, have had occasion to communicate and to confer with regard to situations and problems in the Far East. In the conducting of correspondence and of conferences relating to these matters, the parties involved have invariably taken into consideration past and present facts and they have not failed to perceive the possibility and the desirability of changes in the situation. In the making of treaties they have drawn up and have agreed upon provisions intended to facilitate advantageous developments and at the same time to obviate and avert the arising of friction between and among the various powers which, having interests in the region or regions under reference, were and would be concerned.

"In the light of these facts, and with reference especially to the purpose and the character of the treaty provisions from time to time solemnly agreed upon for the very definite purposes indicated, the Government of the United States deprecates the fact that one of the parties to these agreements has chosen to embark—as indicated both by action of its agents and by official statements of its authorities—upon a course directed toward the arbitrary creation by that power by methods of its own selection, regardless of treaty pledges and the established rights of other powers concerned, of a 'new order' in the Far East. Whatever may be the changes which have taken place in the situation in the Far East and whatever may be the situation

now, these matters are of no less interest and concern to the American Government than have been the situations which have prevailed there in the past, and such changes as may henceforth take place there, changes which may enter into the producing of a 'new situation' and a 'new order,' are and will be of like concern to this Government. This Government is well aware that the situation has changed. This Government is also well aware that many of the changes have been brought about by action of Japan. This Government does not admit, however, that there is need or warrant for any one power to take upon itself to prescribe what shall be the terms and conditions of a 'new order' in areas not under its sovereignty and to constitute itself the repository of authority and the agent of destiny in regard thereto.

"It is known to all the world that various of the parties to treaties concluded for the purpose of regulating contacts in the Far East and avoiding friction therein and therefrom—which treaties contained, for those purposes, various restrictive provisions—have from time to time and by process of negotiation and agreement contributed, in the light of changed situations, toward the removal of restrictions and toward the bringing about of further developments which would warrant, in the light of further changes in the situation, further removals of restrictions. By such methods and processes, early restrictions upon the tariff autonomy of all countries in the Far East were removed. By such methods and processes, the rights of extra-territorial jurisdiction once enjoyed by occidental countries in relations with countries in the Far East have been given up in relations with all of those countries except China; and in the years immediately preceding and including the year 1931, countries which still possess those rights in China, including the United States, were actively engaged in negotiations—far advanced—looking toward surrender of those rights. All discerning and impartial observers have realized that the United States and other of the 'treaty powers' have not during recent decades clung tenaciously to their so-called 'special' rights and privileges in countries of the Far East but on the contrary have steadily encouraged the development in those countries of institutions and practices in the presence of which such rights and privileges may safely and readily be given up; and all observers have seen those rights and privileges gradually being surrendered voluntarily, through agreement, by the powers which have possessed them. On one point only has the Government of the United States, along with several other governments, insisted: namely, that new situations must have developed to a point warranting the removal of 'special' safeguarding restrictions and that the removals be effected by orderly processes.

"The Government of the United States has at all times regarded agreements as susceptible of alteration, but it has always insisted that alterations can rightfully be made only by orderly processes of negotiation and agreement among the parties thereto.

"The Japanese Government has upon numerous occasions expressed itself as holding similar views.

"The United States has in its international relations rights and obligations which derive from international law and rights and obligations which rest upon treaty provisions. Of those which rest on treaty provisions, its rights and obligations in and with regard to China rest in part upon provisions in treaties between the United States and China, and in part upon provisions in treaties between the United States and several other powers, including both China and Japan. These treaties were concluded in good faith for the purpose of safeguarding and promoting the interest not of one only but of all of their signatories. The people and the Government of the United States cannot assent to the abrogation of any of this country's rights or obligations by the arbitrary action of agents or authorities of any other country.

"The Government of the United States has, however, always been prepared, and is now, to give due and ample consideration to any proposals based on justice and reason which envisage the resolving of problems in a manner duly considerate of the rights and obligations of all parties directly concerned by processes of free negotiation and new commitment by and among all of the parties concerned. There has been and there continues to be opportunity for the Japanese Government to put forward such proposals. This Government has been and it continues to be willing to discuss such proposals, if and when put forward, with representatives of the other powers, including Japan and China, whose rights and interests are involved, at whatever time and in whatever place may be commonly agreed upon.

"Meanwhile, this Government reserves all rights of the United States as they exist and does not give assent to any impairment of any of those rights."

Source: The Department of State, *Press Releases*, December 31, 1938, pp. 490-3.

22. EXCERPT FROM PRESIDENT ROOSEVELT'S MESSAGE TO CONGRESS.
JANUARY 4, 1939.

"We have learned that God-fearing democracies of the world which observe the sanctity of treaties and good faith in their dealings with other nations cannot be safely indifferent to international lawlessness anywhere. They cannot forever let pass, without effective

protest, acts of aggression against sister nations—acts which automatically undermine all of us.

“Obviously they must proceed along practical, peaceful lines. But the mere fact that we rightly decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all. Words may be futile, but war is not the only means of commanding a decent respect for the opinions of mankind. There are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor governments the aggregate sentiments of our own people.

“At the very least, we can and should avoid any action, or any lack of action, which will encourage, assist or build up an aggressor. We have learned that when we deliberately try to legislate neutrality, our neutrality laws may operate unevenly and unfairly—may actually give aid to an aggressor and deny it to the victim. The instinct of self-preservation should warn us that we ought not to let that happen any more.”

Source: *New York Times*, January 5, 1939.

23. THE *Aide-memoire* OF MAY 17, 1939 DEALING WITH THE INTERNATIONAL SETTLEMENT AT SHANGHAI.

“Reference is made to the *aide-mémoire* which the Japanese Vice Minister for Foreign Affairs handed to the American Ambassador at Tokyo on May 3 in regard to the question of revision of the Land Regulations of the International Settlement and to the question of modifying and improving the administrative machinery of the International Settlement.

“The *aide-mémoire* contains reference to the date on which the Land Regulations now in force in the International Settlement at Shanghai became effective and contains the affirmation that the existing administrative structure is in many respects ill adapted for dealing with factors in the situation which has been steadily evolving during the past seventy and more years and which has undergone a radical change in more recent times.

“The Government of the United States would be ready, as it has been in the past, to become a party to friendly and orderly negotiations properly instituted and conducted regarding any needed revision in the Land Regulations of the International Settlement at Shanghai. The Government of the United States is constrained to point out, however, that conditions in the Shanghai area are, from its viewpoint, so far from normal at the present time that there is totally lacking a basis for the discussion looking toward an orderly settlement of the complicated problems involved which would be reasonably fair to all concerned.

"With reference to the question of the Chinese courts which function in the International Settlement, it may be pointed out that those courts were established and their status fixed under a multilateral agreement to which the United States Government was a party and that the observations made in regard to possible revision of the Land Regulations apply also to the question of these courts.

"With regard to the system of voting in force in the municipal elections and public meetings of the International Settlement, it may be observed that under the Land Regulations there is no discrimination amongst the various foreign rate payers, the minimum requirement for voting qualification being the payment of municipal rates on the basis of an assessed rental of 500 taels (approximately seven hundred dollars Chinese currency) per annum. Under this system the Japanese community enjoys a large and increasingly important vote, a vote in fact far greater in proportion to the total vote than the proportion which the general municipal rates and land taxes paid by the Japanese community bear to the total of the municipal rates and land taxes paid in the International Settlement. Japanese nationals are represented on the Municipal Council and are employed in the various departments of the Municipal Government.

"With regard to the question of modifying and improving the administrative machinery of the International Settlement, the Government of the United States believes that the Japanese Government will recognize that those concerned with the administration of the International Settlement have, throughout the Settlement's history, effected many adjustments to meet changing conditions and the Government of the United States is confident that the authorities of the Settlement will continue to make every effort to adjust the administrative machinery of the Settlement and the practices thereof to meet fair and reasonable desires on the part of Japan and Japanese interests.

"With reference to the statement in the Japanese *aide-mémoire* in regard to the need for closer cooperation between the Settlement authorities and the regimes which exist in the lower Yangtze Valley with Japanese military support, it may be observed that, in the absence of the duly constituted and recognized Government of that area, the Settlement authorities have made and are making every effort to deal with the realities of the very difficult situation confronting them, and the Government of the United States feels that those authorities are entitled to expect every consideration from Japanese civil and military agencies. It is pertinent to point out in this connection that since the earliest days of the International Settlement it has necessarily been the policy of the Settlement authorities, during periods of disturbance in the surrounding areas, to

avoid involvement in controversial matters arising from causes beyond the Settlement boundaries. This aloofness is inherent in the very international character of the Settlement. And logically flowing therefrom is the premise that no one power having interests in the Settlement, however extensive they may be, should take advantage of developments which have their origin elsewhere to prejudice the international character of the Settlement.

"The Government of the United States has been impressed with the efficiency and energy with which the Settlement authorities have, notwithstanding the extreme bitterness and tense atmosphere prevailing at Shanghai, kept disorder and lawlessness to a minimum within that part of the International Settlement which is under their effective control.

"The Government of the United States refers again to the efforts which the authorities of the International Settlement have been making and are continuing to make to perform their normal functions, efforts which have recently been seriously handicapped and rendered more difficult by lawless activities in areas contiguous to the International Settlement and by refusal on the part of the Japanese military forces to return the Settlement area lying north of Soochow Creek to the effective control of the authorities of the International Settlement.

"The Government of the United States urges upon the Japanese Government the consideration that a smooth working of the administrative machinery of the Settlement would be promoted by a frank recognition on the part of the Japanese Government of the excellent work which has been and is being done by the Settlement authorities and by the prompt restoration to those authorities of complete control over the Settlement area extending north of Soochow Creek.

"In conclusion, the Government of the United States observes that the great cosmopolitan center of Shanghai has been developed by the nationals of many countries, to the mutual advantage of all. In this development the International Settlement has played a very important part and any question affecting the welfare or status of the Settlement is of inevitable concern to many countries, including the United States. With regard to the revision of the Land Regulations, the Government of the United States is, as indicated above, of the opinion that this is a question which should await the development of more stable conditions. But with regard to administrative practice in the Settlement, many adjustments have been made to meet the requirements of changing conditions, and the Government of the United States is confident that the Settlement authorities are prepared to continue their best efforts toward meeting any reasonable requests for further adjustments."

Source: The Department of State, *Press Releases*, May 20, 1939, pp. 421-3.

24. PRESS CONFERENCE STATEMENT OF SECRETARY HULL REGARDING THE TIENTSIN DISPUTE. JUNE 19, 1939.

"This Government is not concerned in the original incident at Tientsin relating to the requested delivery of the four accused Chinese. It is concerned, however, with the nature and significance of subsequent developments, in their broader aspects, coupled with other past and present acts and utterances in other parts of China. This Government, therefore, is observing with special interest all related developments in China as they occur from day to day. I have nothing further to add today."

Source: The Department of State, *Press Releases*, June 24, 1939, p. 541.

25. U. S. NOTICE TO JAPAN OF TERMINATION OF THE TREATY OF 1911. JULY 26, 1939.

"During recent years the Government of the United States has been examining the treaties of commerce and navigation in force between the United States and foreign countries with a view to determining what changes may need to be made toward better serving the purposes for which such treaties are concluded. In the course of this survey, the Government of the United States has come to the conclusion that the Treaty of Commerce and Navigation between the United States and Japan which was signed at Washington on February 21, 1911, contains provisions which need new consideration. Toward preparing the way for such consideration and with a view to better safeguarding and promoting American interests as new developments may require, the Government of the United States, acting in accordance with the procedure prescribed in Article XVII of the treaty under reference, gives notice hereby of its desire that this treaty be terminated, and, having thus given notice, will expect the treaty, together with its accompanying protocol, to expire six months from this date."

Source: The Department of State, *Bulletin*, July 29, 1939, p. 81.

26. EXTRACT FROM AN ADDRESS DELIVERED BY THE AMERICAN AMBASSADOR BEFORE THE AMERICA-JAPAN SOCIETY, TOKYO, JAPAN. OCTOBER 19, 1939.

". . . I turn now to some of the thoughts of the American Government and of the American people with regard to the situation in East Asia in general and to our relations with Japan in particular.

It is trite to say—but all too often the fact is overlooked—that in our democratic system the policies and measures of our Government reflect, and inevitably must reflect, public opinion. If therefore in any given case or situation we search for the underlying causation of American policy, or of any specific measure or series of measures taken by our Government, we must first try to analyze the state of public opinion in the United States and the developments which have induced that state of public opinion, factors which in turn have given rise to some specific policy or some specific measure or measures of our Government. In this connection I have not for a moment lost sight of the force of public opinion in Japan.

“Obviously American public opinion is frequently divided; seldom is it unanimous. In the face of a divided public opinion, the Government must choose between acting according to its judgment as to what will best serve the interests of the country and withholding action altogether. But when public opinion is unanimous, or nearly unanimous, then governmental policy and action must and will reflect the opinion and wishes of the people as a whole. For the American Government is the servant of the American people. American public opinion with regard to recent and current developments in the Far East is today very nearly unanimous, and that opinion is based not on merely hearsay or on propaganda but on facts.

“Among the conditions existing in the United States which impress me more and more vividly each time I return to my country are: First, the freedom which prevails in public discussion; and second, the demand for knowledge of facts and the intelligent appraisal of those facts by men and women in every walk of life. Especially is this true today in regard to foreign affairs. It is not alone the Government official or the student or the businessman or the manufacturer or the financier who keeps his finger on the pulse of our foreign relations. This interest—and it is a keen, living interest—extends to the masses—the factory hand, the servant in the house, the taxi driver in the street. In the past few months at home I have been immensely impressed by the intelligent grasp by people in every quarter of what is going on in every corner of the world. I have been drawn into discussion of foreign affairs not only by men and women in important and influential positions but by travelers in the smoking compartment of railroad trains, by the stewards in airplanes, by the men and women behind the counters in the stores and shops, by the attendants at gasoline stations, by the drivers of taxis who were taking me to some destination. And what impressed me most was that these people not only knew what was going on abroad but had formed their own individual opinions of those events and of what the United States should or should not do about it. Those people, mostly, are widely read. My chiropodist,

when I entered his room, was reading an important book on Japan, and we discussed that book throughout the session. A farmer in the small New England village where we live lent me another recent book on Japan. In the many talks which I had with many, many people, I received the distinct impression that those people are sufficiently well-informed and sufficiently wide awake to distinguish between fact and propaganda. I do not suppose that any country in the world is better served today, by press and radio, with accurate foreign information than is the United States. In every country there are of course certain elements of the press inclined toward sensationalism, but the vast majority of the American people today read and demand the despatches and comments of correspondents and commentators of proved reliability for accurate reporting. Propaganda not based on fact, or distorting fact, is anathema to the average American. And the senseless propaganda with which foreign countries sometimes try to influence public opinion in our country does the countries of its origin and the interests of those countries far more harm than good. The average American, knowing the facts, sees through it and will have none of it.

"Here, then, is the stuff of which public opinion in the United States is built. It is only through such individual contacts as I enjoyed this summer that one comes to appreciate the tremendous force of public opinion in our country and to realize its fabric and its power. When such opinion tends toward unanimity in any given issue, it is a force which the Government cannot possibly overlook and will not fail to reflect in its policies and actions.

"What am I to say to you today? Would it be the act of a friend of Japan, a friend of the members of this society, would it be in the interests of Japanese-American relations which this society steadily labors to build up and improve, if I were to misstate the truth or try to obscure it by painting an inaccurate picture of my observations at home? If an ambassador is in effect an interpreter, mustn't he interpret correctly on the basis of facts known to him? And on returning from a long stay in America, would it not insult your intelligence if I were to talk of trivialities? I suppose that there is not a person here who does not know that American public opinion strongly resents some of the things that Japan's armed forces are doing in China today, including actions against American rights and legitimate interests in China. On that subject public opinion in the United States is unanimous. And, mind you, I know whereof I speak, from personal talks with a very large number of people in diverse walks of life throughout our country, constituting a reliable cross-section of the American public.

"If we then accept as a regrettable fact this state of American public opinion, and we must accept it as a fact, then isn't it from every point of view, especially from the point of view of statesman-

ship, reasonable and logical that we should in all frankness examine the basic causes of that state of public opinion? I know those causes in general and in detail. It would be harmful to overlook them. I earnestly believe that those causes must be removed and that by their removal only constructive good can come to both our Nations. The attainment of such mutually constructive good, needless to say, is and has been and always will be the fundamental purpose of my ambassadorship to Japan.

"Before I left for America last May a Japanese friend of mine begged me to tell my friends in America the situation in Japanese-American relations as he conceived it. It ran somewhat as follows:

"American rights and interests in China are suffering some minor and unimportant inconveniences in China as a result of Japanese military operations; the Japanese military take every possible precaution to avoid inconvenience to American interests; reports published in the United States in regard to damage to American interests by the Japanese in China are intentionally exaggerated in order to inflame the American people against Japan; in large measure those activities of the Japanese to which Americans object are the result of differences in customs, differences in language, and a legalistic attitude which has been adopted by the United States; in the near future the situation in the occupied areas of China will be so improved that the United States will no longer have any cause of complaint. That was the point of view of my Japanese friend.

"Alas, the truth is far otherwise. The facts, as they exist, are accurately known by the American Government. They are likewise known by the American people, and in the interests of the future relations between Japan and the United States those facts must be faced. Only through consideration of those facts can the present attitude of the American Government and people toward Japan be understood; only through consideration of those facts, and through constructive steps to alter those facts, can Japanese-American relations be improved. Those relations *must* be improved.

"Having said all this I do not propose today to deal in detail with the causations which have brought about that feeling in my country. This is not the occasion to enter any 'bill of particulars.' Those facts, those difficulties between our Nations, are matters for consideration by the two Governments; indeed, some of them are matters which I have been discussing with the Japanese Government during the past two years, and I shall continue to approach these matters. But I believe that the broad outlines of those facts and difficulties are known to you. Some of those difficulties are serious.

"Now many of you who are listening to me may well be thinking: 'There are two sides to every picture; we in Japan also have our public opinion to consider.' Granted. In America, as I have already

said, I did my best to show various angles of the Japanese point of view. But here in Japan I shall try to show the American point of view. Without careful consideration of both points of view we can get nowhere in building up good relations. I wish you could realize how intensely I wish for that most desirable end and how deeply I desire, by pure objectivity, to contribute to a successful outcome. Let me therefore try to remove a few utterly fallacious conceptions of the American attitude as I think they exist in Japan today.

One of these fallacies is that the American approach to affairs in East Asia is bound by a purely 'legalistic' attitude, a conception which widely prevails in this country today. What is meant by a 'legalistic' attitude? If we mean respect for treaties, official commitments, international law, yes; that respect is and always will be one of the cardinal principles of American policy. But the very term 'a legalistic attitude' as it has often been used in my hearing in Japan, seems to imply a position where one cannot see the woods for the trees, where one's vision of higher and broader concepts is stultified. Let me therefore touch briefly on a few of the cardinal principles of American policy and objectives, moulded to meet the requirements of modern life, which, it is true, are fundamentally based upon but which seem to me far to transcend any purely 'legalistic' approach to world affairs.

"The American people aspire to relations of peace with every country and between all countries. We have no monopoly on this desire for peace, but we have a very definite conviction that the sort of peace which, throughout history, has been merely an interlude between wars is not an environment in which world civilization can be stably developed or, perhaps, can even be preserved. We believe that international peace is dependent on what our Secretary of State has characterized as 'orderly processes' in international dealing.

"The American people desire to respect the sovereign rights of other people and to have their own sovereign rights equally respected. We have found by experience that the successful approach to the resolving of international disputes lies not so much in merely abstaining from the use of force as in abstaining from any thought of the use, immediately or eventually, of the methods of force. Let cynics look about them and contemplate the consequences of resort to menacing demands as a process in the conduct of international relations. Is it being purely 'legalistic' to put to wise and practical use the finer instincts common to all mankind?

"The American people believe that the day is past when wars can be confined in their effects to the combatant nations. When national economies were based upon agriculture and handicraft, nations were to a large extent self-sufficient; they lived primarily on

the things which they themselves grew or produced. That is not the case today. Nations are now increasingly dependent on others both for commodities which they do not produce themselves and for the disposal of the things which they produce in excess. The highly complex system of exchange of goods has been evolved by reason of each nation's being able to extract from the ground or to manufacture certain commodities more efficiently or economically than others. Each contributes to the common good the fruits of its handiwork and the bounties of nature. It is this system of exchange which has not only raised the standard of living everywhere but has made it possible for two or even three persons to live in comfort under a simple self-contained economy. Not only the benefits of our advanced civilization but the very existence of most of us depends on maintaining in equilibrium a delicately balanced and complex world economy. Wars are not only destructive of the wealth, both human and material, of combatants, but they disturb the fine adjustments of world economy. Conflict between nations is therefore a matter of concern to all the other nations. Is there then any stultification through 'legalistic' concepts when we practice ourselves and urge upon others the resolving of international disputes by orderly processes, even if it were only in the interests of world economy? How, except on the basis of law and order, can these various concepts in international dealing be secured?

"The American people believe in equality of commercial opportunity. There is probably no nation which has not at one time or other invoked it. Even Japan, where American insistence on the 'open door' is cited as the supreme manifestation of what is characterized as a 'legalistic' American attitude—even Japan, I say—has insisted upon and has received the benefits of the 'open door' in areas other than China, where, we are told, the principle is inapplicable except in a truncated and emasculated form. That highly complicated system of world economy of which I have just spoken is postulated upon the ability of nations to buy and sell where they please under conditions of free competition—conditions which cannot exist in areas where preemptive rights are claimed and asserted on behalf of nationals of one particular country.

"I need hardly say that the thoughts which I have just expressed are of universal applicability.

"Another common fallacy which I am constrained to mention is the charge that the American Government and people do not understand 'the new order in East Asia.' Forgive me if I very respectfully take issue with that conception. The American Government and people understand what is meant by the 'new order in East Asia' precisely as clearly as it is understood in Japan. The 'new order in East Asia' has been officially defined in Japan as an order of security,

stability, and progress. The American Government and people earnestly desire security, stability, and progress not only for themselves but for all other nations in every quarter of the world. But the new order in East Asia has appeared to include, among other things, depriving Americans of their long-established rights in China, and to this the American people are opposed.

"There's the story. It is probable that many of you are not aware of the increasing extent to which the people of the United States resent the methods which the Japanese armed forces are employing in China today and what appear to be their objectives. In saying this, I do not wish for one moment to imply that the American people have forgotten the long-time friendship which has existed between the people of my country and the people of Japan. But the American people have been profoundly shocked over the widespread use of bombing in China, not only on grounds of humanity but also on grounds of the direct menace to American lives and property accompanied by the loss of American life and the crippling of American citizens; they regard with growing seriousness the violation of and interference with American rights by the Japanese armed forces in China in disregard of treaties and agreements entered into by the United States and Japan and treaties and agreements entered into by several nations, including Japan. The American people know that those treaties and agreements were entered into voluntarily by Japan and that the provisions of those treaties and agreements constituted a practical arrangement for safeguarding—for the benefit of all—the correlated principles of national sovereignty and of equality of economic opportunity. The principle of equality of economic opportunity is one to which over a long period and on many occasions Japan has frequently insisted. Not only are the American people perturbed over their being arbitrarily deprived of long-established rights, including those of equal opportunity and fair treatment, but they feel that the present trend in the Far East if continued will be destructive of the hopes which they sincerely cherish of the development of an orderly world. American rights and interests in China are being impaired or destroyed by the policies and actions of the Japanese authorities in China. American property is being damaged or destroyed; American nationals are being endangered and subjected to indignities. If I felt in a position to set forth all the facts in detail today, you would, without any question, appreciate the soundness and full justification of the American attitude. Perhaps you will also understand why I wish today to exercise restraint.

"In short, the American people, from all the thoroughly reliable evidence that comes to them, have good reason to believe that an

effort is being made to establish control, in Japan's own interest, of large areas on the continent of Asia and to impose upon those areas a system of closed economy. It is this thought, added to the effect of the bombings, the indignities, the manifold interference with American rights, that accounts for the attitude of the American people toward Japan today. For my part I will say this. It is my belief and the belief of the American Government and people, that the many things injurious to the United States which have been done and are being done by Japanese agencies are wholly needless. We believe that real security and stability in the Far East could be attained without running counter to any American rights whatsoever.

"Mr. Chairman, Ladies and Gentlemen: I have tried to give an accurate interpretation of American public opinion, most carefully studied and analyzed by me while at home. The traditional friendship between our two Nations is far too precious a thing to be either inadvertently or deliberately impaired. It seems to me logical that from every point of view—economic, financial, commercial, in the interests of business, travel, science, culture, and sentiment—Japan and the United States forever should be mutually considerate friends. In the family of nations, as between and among brothers, there arise inevitable controversies, but again and again the United States has demonstrated its practical sympathy and desire to be helpful toward Japan in difficult times and moments, its admiration of Japan's achievements, its earnest desire for mutually helpful relations.

"Please do not misconstrue or misinterpret the attitude which has prompted me to speak in the utmost frankness today. I am moved first of all by love of my own country and my devotion to its interest; but I am also moved by very deep affection for Japan and by sincere conviction that the real interests, the fundamental and abiding interests of both countries, call for harmony of thought and action in our relationships. Those who know my sentiments for Japan, developed in happy contacts during the seven years in which I have lived here among you, will realize, I am sure, that my words and my actions are those of a true friend.

"One Japanese newspaper queried, on my return from America, whether I had concealed in my bosom a dagger or a dove. Let me answer that query. I have nothing concealed in my bosom except the desire to work with all my mind, with all my heart, and with all my strength for Japanese-American friendship.

"Today I have stated certain facts, straight-forwardly and objectively. But I am also making a plea for sympathetic understanding in the interests of the old, enduring friendship between our two

great nations. In a world of chaos I plead for stability, now and in the long future, in a relationship which, *if it can be preserved*, can bring only good to Japan and the United States of America."

Source: *The Department of State Bulletin*, Vol. I, No. 20, November 11, 1939, pp. 509-516.

27. STATEMENT BY SECRETARY HULL ON THE INAUGURATION OF THE NANKING GOVERNMENT. MARCH 30, 1940.

"In the light of what has happened in various parts of China since 1931, the setting up of a new regime at Nanking has the appearance of a further step in a program of one country by armed force to impose its will upon a neighboring country and to block off a large area of the world from normal political and economic relationships with the rest of the world. The developments there appear to be following the pattern of other regimes and systems which have been set up in China under the aegis of an outside power and which in their functioning especially favor the interests of that outside power and deny to nationals of the United States and other third countries enjoyment of long-established rights of equal and fair treatment which are legally and justly theirs.

"The Government of the United States has noted statements of high officials of that outside power that their country intends to respect the political independence and the freedom of the other country and that with the development of affairs in East Asia this intention will be demonstrated. To this Government the circumstances, both military and diplomatic, which have attended the setting up of the new regime at Nanking do not seem consistent with such an intention.

"The attitude of the United States toward use of armed force as an instrument of national policy is well known. Its attitude and position with regard to various aspects of the situation in the Far East have been made clear on numerous occasions. That attitude and position remain unchanged.

"This Government again makes full reservation of this country's rights under international law and existing treaties and agreements.

"Twelve years ago the Government of the United States recognized, as did other governments, the National Government of the Republic of China. The Government of the United States has ample reason for believing that that Government, with capital now at Chungking, has had and still has the allegiance and support of the great majority of the Chinese people. The Government of the United States of course continues to recognize that Government as the Government of China."

Source: *Department of State Bulletin*, March 30, 1940, p. 343.

28. STATEMENT BY SECRETARY HULL ON MAINTENANCE OF THE STATUS QUO IN THE NETHERLANDS INDIES. APRIL 17, 1940.

"I have noted with interest the statement by the Japanese Minister for Foreign Affairs expressing concern on the part of the Japanese Government for the maintenance of the *status quo* of the Netherlands Indies.

"Any change in the status of the Netherlands Indies would directly affect the interests of many countries.

"The Netherlands Indies are very important in the international relationships of the whole Pacific Ocean. The islands themselves extend for a distance of approximately 3,200 miles east and west astride of the Equator, from the Indian Ocean on the west far into the Pacific Ocean on the east. They are also an important factor in the commerce of the whole world. They produce considerable portions of the world's supplies of important essential commodities such as rubber, tin, quinine, copra, et cetera. Many countries, including the United States, depend substantially upon them for some of these commodities.

"Intervention in the domestic affairs of the Netherlands Indies or any alteration of their *status quo* by other than peaceful processes would be prejudicial to the cause of stability, peace, and security not only in the region of the Netherlands Indies but in the entire Pacific area.

"This conclusion, based on a doctrine which has universal application and for which the United States unequivocally stands, is embodied in notes exchanged on November 30, 1908, between the United States and Japan in which each of the two Governments stated that its policy was directed to the maintenance of the existing *status quo* in the region of the Pacific Ocean. It is reaffirmed in the notes which the United States, the British Empire, France, and Japan—as parties to the treaty signed at Washington on December 13, 1921, relating to their insular possessions and their insular dominions in the region of the Pacific Ocean—sent to the Netherlands Government on February 4, 1922, in which each of those Governments declared that 'it is firmly resolved to respect the rights of the Netherlands in relation to their insular possessions in the region of the Pacific Ocean.'

"All peaceful nations have during recent years been earnestly urging that policies of force be abandoned and that peace be maintained on the basis of fundamental principles, among which are respect by every nation for the rights of other nations and non-intervention in their domestic affairs, the according of equality of

fair and just treatment, and the faithful observance of treaty pledges, with modification thereof, when needful, by orderly processes.

"It is the constant hope of the Government of the United States—as it is no doubt that of all peacefully inclined governments—that the attitudes and policies of all governments will be based upon these principles and that these principles will be applied not only in every part of the Pacific area, but also in every part of the world."

Source: *Department of State Bulletin*, April 20, 1940, p. 411.

29. EXCERPT FROM STATEMENT BY SECRETARY HULL ON "NEW ORDERS" IN EUROPE AND ASIA. JULY 5, 1940.

[After summarizing the American note of July 1, 1940 to the German government, stating that the United States would not recognize any transfer of a geographical region of the Western hemisphere from one non-American power to another non-American power, and the German reply, Mr. Hull continued:]

"The Monroe Doctrine is solely a policy of self-defense, which is intended to preserve the independence and integrity of the Americas. It was, and is, designed to prevent aggression in this hemisphere on the part of any non-American power, and likewise to make impossible any further extension to this hemisphere of any non-American system of government imposed from without. It contains within it not the slightest vestige of any implication, much less assumption, of hegemony on the part of the United States. It never has resembled, and it does not today resemble, policies which appear to be arising in other geographical areas of the world, which are alleged to be similar to the Monroe Doctrine, but which, instead of resting on the sole policies of self-defense and of respect for existing sovereignties, as does the Monroe Doctrine, would in reality seem to be only the pretext for the carrying out of conquest by the sword, of military occupation, and of complete economic and political domination by certain powers of other free and independent peoples. . . ."

Source: *Department of State Bulletin*, July 6, 1940, pp. 3-4.

30. EXCERPTS FROM SECRETARY HULL'S TESTIMONY BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS IN SUPPORT OF THE LEND-LEASE BILL. JANUARY 15, 1941.

"During the past eight years, our Government has striven, by every peaceful means at its disposal, to secure the establishment in the world of conditions under which there would be a reasonable hope for enduring peace. We have proceeded in the firm belief that only if such conditions come to exist will there be a certainty that our country will be fully secure and safely at peace. The establishment

of such conditions calls for acceptance and application by all nations of certain basic principles of peaceful and orderly international conduct and relations.

"Accordingly, in the conduct of our foreign relations, this Government has directed its efforts to the following objectives: (1) Peace and security for the United States with advocacy of peace and limitation and reduction of armament as universal international objectives; (2) support for law, order, justice, and morality and the principle of non-intervention; (3) restoration and cultivation of sound economic methods and relations, based on equality of treatment; (4) development, in the promotion of these objectives, of the fullest practicable measures of international cooperation; (5) promotion of the security, solidarity, and general welfare of the Western Hemisphere.

"Observance and advocacy of the basic principles underlying these policies, and efforts toward their acceptance and application, became increasingly important as three nations, one after another, made abundantly clear, by word and by deed, their determination to repudiate and destroy the very foundations of a civilized world order under law and to enter upon the road of armed conquest, of subjugation of other nations, and of tyrannical rule over their victims.

"The first step in this fatal direction occurred in the Far East in 1931 with forceful occupation of Manchuria in contravention of the provisions of the Nine Power Treaty and of the Kellogg-Briand Pact. The equilibrium in the Far East which had been established by the Washington Conference treaties of 1921-2 became seriously disturbed by the setting up by forceful means in a part of China of a regime under Japanese control under the name of "Manchukuo." This control over Manchuria has been marked by the carrying out of a policy of discrimination which has resulted in forcing out American and other foreign interests.

"During the years that followed, Japan went steadily forward in her preparations for expansion by force of arms. In December 1934, she gave notice of her intention to terminate the naval treaty of February 6, 1922. She then proceeded with intensified construction of military and naval armaments, at the same time undertaking, from time to time, limited actions directed toward an extension of her domination over China and involving disregard and destruction of the lawful rights and interests of other countries, including the United States.

"In July 1937, the armed forces of Japan embarked upon large-scale military operations against China. Invading forces of more than a million men occupied large areas along the seaboard and in the central provinces. In these areas there were set up puppet

regimes which instituted systems of controls and monopolies discriminatory in favor of the interests of the invading country.

"It has been clear throughout that Japan has been actuated from the start by broad and ambitious plans for establishing herself in a dominant position in the entire region of the Western Pacific. Her leaders have openly declared their determination to achieve and maintain that position by force of arms and thus to make themselves masters of an area containing almost one half of the entire population of the world. As a consequence, they would have arbitrary control of the sea and trade routes in that region.

"Previous experience and current developments indicate that the proposed 'new order' in the Pacific area means, politically, domination by one country. It means, economically, employment of the resources of the area concerned for the benefit of that country and to the ultimate impoverishment of other parts of the area and exclusion of the interests of other countries. It means, socially, the destruction of personal liberties and the reduction of the conquered peoples to the role of inferiors.

"It should be manifest to every person that such a program for the subjugation and ruthless exploitation by one country of nearly one half of the population of the world is a matter of immense significance, importance, and concern to every other nation wherever located.

"Notwithstanding the course which Japan has followed during recent years, this Government has made repeated efforts to persuade the Japanese Government that her best interests lie in the development of friendly relations with the United States and with other countries which believe in orderly and peaceful processes among nations. We have at no time made any threats. . . ."

[Mr. Hull then recounted the various acts of aggression committed by Italy and Germany down to the outbreak of the European war, and continued:]

"Since then, it has become increasingly apparent that mankind is today face to face, not with regional wars or isolated conflicts, but with an organized, ruthless, and implacable movement of steadily expanding conquest. We are in the presence of forces which are not restrained by considerations of law or principles of morality; which have fixed no limits for their program of conquest; which have spread over large areas on land and are desperately struggling now to seize control of the oceans as an essential means of achieving and maintaining their conquest of the other continents.

"Control of the high seas by law-abiding nations is the key to the security of the Western Hemisphere in the present-day world situation. Should that control be gained by the partners of the Tripartite

Pact, the danger to our country, great as it is today, would be multiplied manifold. . . ."

[After asserting that the defeat of Great Britain would imperil the national security of the United States, Mr. Hull declared:]

"On no other question of public policy are the people of this country so nearly unanimous and so emphatic today as they are on that of the imperative need, in our own most vital interest, to give Great Britain and other victims of attack the maximum of material aid in the shortest possible space of time. This is so because it is now altogether clear that such assistance to those who resist attack is a vital part of our national self-defense. In the face of the forces of conquest now on the march across the earth, self-defense is and must be the compelling consideration in the determination of wise and prudent national policy. . . .

"The present bill sets up machinery which will enable us to make the most effective use of our resources for our own needs and for the needs of those whom, in our own self-defense, we are determined to aid. . . ."

Source: *Department of State Bulletin*, January 18, 1941, pp. 85-9.

31. EXCERPTS FROM ADDRESS BY PRESIDENT ROOSEVELT BEFORE THE WHITE HOUSE CORRESPONDENTS' ASSOCIATION, WASHINGTON. MARCH 15, 1941.

"The big news story of this week is this: The world has been told that we, as a united nation, realize the danger which confronts us—and that to meet that danger our democracy has gone into action.

"We know that although Prussian autocracy was bad enough, Naziism is far worse.

"Nazi forces are not seeking mere modifications in colonial maps or in minor European boundaries. They openly seek the destruction of all elective systems of government on every continent—including our own; they seek to establish systems of government based on the regimentation of all human beings by a handful of individual rulers who have seized power by force.

"These men and their hypnotized followers call this a new order. It is not new. It is not order. For order among nations presupposes something enduring—some system of justice under which individuals, over a long period of time, are willing to live. Humanity will never permanently accept a system imposed by conquest and based on slavery.

"These modern tyrants find it necessary to their plans to eliminate all democracies—eliminate them one by one. The nations of Europe, and indeed we ourselves, did not appreciate that purpose. We do now. The process of the elimination of the European nations pro-

ceeded according to plan through 1939 and 1940, until the schedule was shot to pieces by the unbeatable defenders of Britain.

"The enemies of democracy were wrong in their calculations for a very simple reason. They were wrong because they believed that democracy could not adjust itself to the terrible reality of a world at war. . . .

"We have just now engaged in a great debate. It was not limited to the halls of Congress. It was argued in every newspaper, on every wave length—over every cracker barrel in the land. It was finally settled*and decided by the American people themselves.

"The decisions of our democracy may be slowly arrived at. But when that decision is made, it is proclaimed not with the voice of any one man but with the voice of 130 millions. It is binding on all of us. And the world is no longer left in doubt.

"This decision is the end of any attempts at appeasement in our land; the end of urging us to get along with the dictators; the end of compromise with tyranny and the forces of oppression.

"The urgency is *now*.

"We believe firmly that when our production output is in full swing, the democracies of the world will be able to prove that dictatorships cannot win.

"But, now, the time element is of supreme importance. Every plane, every other instrument of war, old and new, which we can spare now, we will send overseas. That is commonsense strategy.

"The great task of this day, the deep duty which rests upon us is to move products from the assembly lines of our factories to the battle lines of democracy—Now! . . .

"The aid-to-democracies bill was agreed to by both Houses of the Congress last Tuesday afternoon. I signed it one half hour later. Five minutes later I approved a list of articles for immediate shipment. Many of them are on their way. On Wednesday, I recommended an appropriation for new material to the extent of seven billion dollars; and the Congress is making patriotic speed in making the appropriation available.

"Here in Washington, we are thinking in terms of speed, and speed now. And I hope that that watchword will find its way into every home in the Nation.

"We shall have to make sacrifices—every one of us. The final extent of those sacrifices will depend upon the speed with which we act Now! . . .

"A half-hearted effort on our part will lead to failure. This is no part-time job. The concepts of 'business as usual' and 'normalcy' must be forgotten until the task is finished. This is an all-out effort—nothing short of all-out effort will win. . . .

"A few weeks ago I spoke of four freedoms—freedom of speech and

expression, freedom of every person to worship God in his own way, freedom from want, freedom from fear. They are the ultimate stake. They may not be immediately attainable throughout the world but humanity does move toward those ideals through democratic processes. If we fail—if democracy is superseded by slavery—then those four freedoms or even the mention of them will become forbidden things. Centuries will pass before they can be revived. . . .

"There is a vast difference between the word 'loyalty' and the word 'obedience.' Obedience can be obtained and enforced in a dictatorship by the use of threat and extortion or it can be obtained by a failure on the part of government to tell the truth to its citizens.

"Loyalty is different. It springs from the mind that is given the facts, that retains ancient ideals and proceeds without coercion to give support to its own government.

"That is true in England and in Greece and in China and in the United States today. And in many other countries millions of men and women are praying for the return of a day when they can give that kind of loyalty. . . .

"There is no longer the slightest question or doubt that the American people recognize the extreme seriousness of the present situation. That is why they have demanded, and got, a policy of unqualified, immediate, all-out aid for Britain, Greece, China, and for all the governments in exile whose homelands are temporarily occupied by the aggressors.

"From now on that aid will be increased—and yet again increased—until total victory has been won. . . .

"In this historic crisis, Britain is blessed with a brilliant and great leader in Winston Churchill. But, no one knows better than Mr. Churchill himself, that it is not alone his stirring words and valiant deeds which gave the British their superb morale. The essence of that morale is in the masses of plain people who are completely clear in their minds about the one essential fact—that they would rather die as free men than live as slaves. . . .

"The British people and their Grecian allies need ships. From America, they will get ships.

"They need planes. From America, they will get planes.

"They need food. From America, they will get food.

"They need tanks and guns and ammunition and supplies of all kinds. From America, they will get tanks and guns and ammunition and supplies of all kinds.

"China likewise expresses the magnificent will of millions of plain people to resist the dismemberment of their Nation. China, through the Generalissimo, Chiang Kai-shek, asks our help. America has said that China shall have our help.

"Our country is going to be what our people have proclaimed it must be—the arsenal of democracy.

"Our country is going to play its full part.

"And when dictatorships disintegrate—and pray God that will be sooner than any of us now dares to hope—then our country must continue to play its great part in the period of world reconstruction. . . .

"The world has no use for any nation which, because of size or because of military might, asserts the right to goose-step to world power over other nations or other races. We believe that any nationality, no matter how small, has the inherent right to its own nationhood.

"We believe that the men and women of such nations, no matter what size, can, through the processes of peace, serve themselves and serve the world by protecting the common man's security; improve the standards of healthful living; provide markets for manufacture and for agriculture. Through that kind of peaceful service every nation can increase its happiness, banish the terrors of war, and abandon man's inhumanity to man.

"Never, in all our history, have Americans faced a job so well worthwhile. May it be said of us in the days to come that our children and our children's children rise up and call us blessed."

Source: *Department of State Bulletin*, March 15, 1941. pp. 277-81.

32. LETTER FROM SECRETARY HULL TO DR. QUO TAI-CHI REGARDING EXTRATERRITORIAL RIGHTS IN CHINA. MAY 31, 1941.

"My Dear Mr. Minister:

"I acknowledge the receipt of and thank you for your letter of May 26, 1941, in regard to your visit to Washington and to our conversations during your short sojourn here.

"We greatly enjoyed your visit.

"It is very gratifying to receive in your letter reaffirmation of the endorsement by the Chinese Government and people of the general and fundamental principles which this government is convinced constitute the only practical foundation for an international order wherein independent nations may cooperate freely with each other to their mutual benefit.

"As you know, the program in which the government and people of the United States put their trust is based upon and revolves about the principle of equality of treatment among nations. This principle comprehends equality in international relations in a juridical sense, nondiscrimination and equality of opportunity in commercial relations, and reciprocal interchange in the field of cultural developments. Implicit in this principle is respect by each nation for the

rights of other nations, performance by each nation of established obligations, alteration of agreements between nations by processes not of force but of orderly and free negotiations, and fair dealing in international economic relations essential to peaceful development of national life and the mutually profitable growth of international trade. One of the purposes of this program is to effect the removal of economic and other maladjustments which tend to lead to political conflicts.

"As you are also aware, the government and people of the United States long have had a profound interest in the welfare and progress of China. It goes without saying that the Government of the United States, in continuation of steps already taken toward meeting China's aspirations for readjustment of anomalies in its international relations, expects when conditions of peace again prevail to move rapidly, by processes of orderly negotiation and agreement with the Chinese Government, toward relinquishment of the last of certain rights of a special character which this country, together with other countries, has long possessed in China by virtue of agreements providing for extraterritorial jurisdiction and related practices.

"This government welcomes and encourages every advance made by lawful and orderly processes by any country toward conditions of peace, security, stability, justice and general welfare. The assurances given in Your Excellency's letter under acknowledgement of China's support of the principle of equality of treatment and nondiscrimination in economic relations should have wholesome effect both during the present period of world conflict and when hostilities shall have ceased.

"The Government of the United States is dedicated to support of the principles in which the people of this country believe. Without reservation, we are confident that the cause to which we are committed along with China and other countries—the cause of national security, of fair dealing among nations and of peace with justice—will prevail."

Source: *New York Times*, June 1, 1941.

33. EXCERPTS FROM REMARKS BY PRESIDENT ROOSEVELT TO THE VOLUNTEER PARTICIPATION COMMITTEE REGARDING UNITED STATES OIL POLICY. JULY 24, 1941.

"There are lots of things that people don't quite understand. You are an information bureau to all of them. And I will give you the example.

"Here on the East Coast you have been reading that the Secretary of the Interior, as Oil Administrator, is faced with the problem of not enough gasoline to go around in the East Coast and how

he is asking everybody to curtail their consumption of gasoline. All right.

"Now, I am—I might be called an American citizen, living in Hyde Park, N. Y. And I say, 'That's a funny thing; why am I asked to curtail my consumption of gasoline when I read in the papers that thousands of tons of gasoline are going out from Los Angeles—West Coast—to Japan; and we are helping Japan in what looks like an act of aggression?'

"All right. Now the answer is a very simple one. There is a world war going on and has been for some time—nearly two years. One of our efforts, from the very beginning, was to prevent the spread of that world war in certain areas where it hadn't started.

"One of those areas is a place called the Pacific Ocean—one of the largest areas of the earth. There happened to be a place in the South Pacific where we had to get a lot of things—rubber, tin, and so forth and so on, down in the Dutch Indies, the Straits Settlements and Indo-China. And we had to help get the Australian surplus of meat and wheat, and corn, for England.

"It was very essential from our own selfish point of view of defense to prevent a war from starting in the South Pacific. So our foreign policy was—trying to stop a war from breaking out down there.

"At the same time, from the point of view of even France at that time—of course, France still had her head above water—we wanted to keep that line of supplies from Australia and New Zealand going to the Near East—all their troops, all their supplies that they have maintained in Syria, North Africa and Palestine. So it was essential for Great Britain that we try to keep the peace down there in the South Pacific.

"All right, and now here is a nation called Japan. Whether they had at that time aggressive purposes to enlarge their empire southward, they didn't have any oil of their own up in the north. Now, if we had cut the oil off, they probably would have gone down to the Dutch East Indies a year ago, and you would have had war.

"Therefore, there was—you might call—a method in letting this oil go to Japan, with the hope—and it has worked for two years—of keeping war out of the South Pacific for our own good, for the good of the defense of Great Britain and the freedom of the seas."

Source: *New York Times*, July 25, 1941.

34. STATEMENT BY ACTING SECRETARY WELLES ON INDO-CHINA.
JULY 24, 1941.

"It will be recalled that in 1940 the Japanese Government gave expression on several occasions to its desire that conditions of disturbance should not spread to the region of the Pacific, with special

references to the Netherlands East Indies and French Indo-China. This desire was expressly concurred in by many other governments, including the Government of the United States.

"In statements by this government, it was made clear that any alteration in the existing status of such areas by other than peaceful processes could not but be prejudicial to the security and peace of the entire Pacific area and that this conclusion was based on a doctrine which has universal application.

"On Sept. 23, 1940, referring to the events then rapidly happening in the Indo-China situation, the Secretary of State stated that it seemed obvious that the existing situation was being upset and that the changes were being achieved under duress. Present developments relating to Indo-China provide clear indication that further changes are now being effected under duress.

"The present unfortunate situation in which the French Government of Vichy and the French Government of Indo-China find themselves is, of course, well known. It is only too clear that they are in no position to resist the pressure exercised upon them.

"There is no doubt as to the attitude of the government and people of the United States toward acts of aggression carried out by use of threat or armed force. That attitude has been made abundantly clear.

"By the course which it has followed and is following in regard to Indo-China, the Japanese Government is giving clear indication that it is determined to pursue an objective of expansion by force or threat of force.

"There is not apparent to the Government of the United States any valid ground upon which the Japanese Government would be warranted in occupying Indo-China or establishing bases in that area as measures of self-defense.

"There is not the slightest ground for belief on the part of even the most credulous that the governments of the United States, of Great Britain, or of the Netherlands have any territorial ambitions in Indo-China or have been planning any moves which could have been regarded as threats to Japan. This government can, therefore, only conclude that the action of Japan is undertaken because of the estimated value to Japan of bases in that region primarily for purposes of further and more obvious movements of conquest in adjacent areas.

"In the light of previous developments steps such as are now being taken by the Government of Japan endanger the peaceful use by peaceful nations of the Pacific. They tend to jeopardize the procurement by the United States of essential materials, such as tin and rubber, which are necessary for the normal economy of this country and the consummation of our defense program.

"The purchase of tin, rubber, oil or other raw materials in the Pacific area on equal terms with other nations requiring these materials has never been denied to Japan. The steps which the Japanese Government has taken also endanger the safety of other areas of the Pacific, including the Philippine Islands.

"The government and people of this country fully realize that such developments bear directly upon the vital problem of our national security."

Source: *New York Times*, July 25, 1941.

35. TREATY ABOLISHING AMERICAN EXTRATERRITORIAL RIGHTS IN CHINA. JANUARY 11, 1943.

The United States of America and the Republic of China, desirous of emphasizing the friendly relations which have long prevailed between their two peoples and of manifesting their common desire as equal and sovereign States that the high principles in the regulation of human affairs to which they are committed shall be made broadly effective, have resolved to conclude a treaty for the purpose of adjusting certain matters in the relations of the two countries, and have appointed as their Plenipotentiaries:

The President of the United States of America,

Mr. Cordell Hull, Secretary of State of the United States of America, and

The President of the National Government of the Republic of China,

Dr. Wei Tao-ming, Ambassador Extraordinary and Plenipotentiary of the Republic of China to the United States of America;

Who, having communicated to each other their full powers found to be in due form, have agreed upon the following articles:

ARTICLE I

All those provisions of treaties or agreements in force between the United States of America and the Republic of China which authorize the Government of the United States of America or its representatives to exercise jurisdiction over nationals of the United States of America in the territory of the Republic of China are hereby abrogated. Nationals of the United States of America in such territory shall be subject to the jurisdiction of the Government of the Republic of China in accordance with the principles of international law and practice.

ARTICLE II

The Government of the United States of America considers that the Final Protocol concluded at Peking on September 7, 1901, be-

tween the Chinese Government and other governments, including the Government of the United States of America, should be terminated and agrees that the rights accorded to the Government of the United States of America under that Protocol and under agreements supplementary thereto shall cease.

The Government of the United States of America will cooperate with the Government of the Republic of China for the reaching of any necessary agreements with other governments concerned for the transfer to the Government of the Republic of China of the administration and control of the Diplomatic Quarter at Peiping, including the official assets and the official obligations of the Diplomatic Quarter, it being mutually understood that the Government of the Republic of China in taking over administration and control of the Diplomatic Quarter will make provision for the assumption and discharge of the official obligations and liabilities of the Diplomatic Quarter and for the recognition and protection of all legitimate rights therein.

The Government of the Republic of China hereby accords to the Government of the United States of America a continued right to use for official purposes the land which has been allocated to the Government of the United States of America in the Diplomatic Quarter in Peiping, on parts of which are located buildings belonging to the Government of the United States of America.

ARTICLE III

The Government of the United States of America considers that the International Settlements at Shanghai and Amoy should revert to the administration and control of the Government of the Republic of China and agrees that the rights accorded to the Government of the United States of America in relation to those Settlements shall cease.

The Government of the United States of America will cooperate with the Government of the Republic of China for the reaching of any necessary agreements with other governments concerned for the transfer to the Government of the Republic of China of the administration and control of the International Settlements at Shanghai and Amoy, including the official assets and the official obligations of those Settlements, it being mutually understood that the Government of the Republic of China in taking over administration and control of those Settlements will make provision for the assumption and discharge of the official obligations and liabilities of those Settlements and for the recognition and protection of all legitimate rights therein.

ARTICLE IV

In order to obviate any questions as to existing rights in respect of or as to existing titles to real property in territory of the Republic of China possessed by nationals (including corporations or associations), or by the Government of the United States of America, particularly questions which might arise from the abrogation of the provisions of treaties or agreements as stipulated in Article I, it is agreed that such existing rights or titles shall be indefeasible and shall not be questioned upon any ground except upon proof, established through due process of law, of fraud, or of fraudulent or other dishonest practices in the acquisition of such rights or titles, it being understood that no right or title shall be rendered invalid by virtue of any subsequent change in the official procedure through which it was acquired. It is also agreed that these rights or titles shall be subject to the laws and regulations of the Republic of China concerning taxation, national defense, and the right of eminent domain, and that no such rights or titles may be alienated to the government or nationals (including corporations or associations) of any third country without the express consent of the Government of the Republic of China.

It is also agreed that if it should be the desire of the Government of the Republic of China to replace, by new deeds of ownership, existing leases in perpetuity or other documentary evidence relating to real property held by nationals, or by the Government of the United States of America, the replacement shall be made by the Chinese authorities without charges of any sort and the new deeds of ownership shall fully protect the holders of such leases or other documentary evidence and their legal heirs and assigns without diminution of their prior rights and interests, including the right of alienation.

It is further agreed that nationals or the Government of the United States of America shall not be required or asked by the Chinese authorities to make any payments of fees in connection with land transfers for or with relation to any period prior to the effective date of this treaty.

ARTICLE V

The Government of the United States of America having long accorded rights to nationals of the Republic of China within the territory of the United States of America to travel, reside and carry on trade throughout the whole extent of that territory, the Government of the Republic of China agrees to accord similar rights to nationals of the United States of America within the territory of the

Republic of China. Each of the two Governments will endeavor to have accorded in territory under its jurisdiction to nationals of the other country, in regard to all legal proceedings, and to matters relating to the administration of justice, and to the levying of taxes or requirements in connection therewith, treatment not less favorable than that accorded to its own nationals.

ARTICLE VI

The Government of the United States of America and the Government of the Republic of China mutually agree that the consular officers of each country, duly provided with exequaturs, shall be permitted to reside in such ports, places and cities as may be agreed upon. The consular officers of each country shall have the right to interview, to communicate with, and to advise nationals of their country within their consular districts; they shall be informed immediately whenever nationals of their country are under detention or arrest or in prison or are awaiting trial in their consular districts and they shall, upon notification to the appropriate authorities, be permitted to visit any such nationals; and, in general, the consular officers under modern international usage.

It is likewise agreed that the nationals of each country, in the territory of the other country, shall have the right at all times to communicate with the consular officers of their country. Communications to their consular officers from nationals of each country who are under detention or arrest or in prison or are awaiting trial in the territory of the other country shall be forwarded to such consular officers of each country shall be accorded the rights, privileges, and immunities enjoyed by consular officers by the local authorities.

ARTICLE VII

The Government of the United States of America and the Government of the Republic of China mutually agree that they will enter into negotiations for the conclusion of a comprehensive modern treaty of friendship, commerce, navigation and consular rights, upon the request of either Government or in any case within six months after the cessation of the hostilities in the war against the common enemies in which they are now engaged. The treaty to be thus negotiated will be based upon the principles of international law and practice as reflected in modern international procedures and in the modern treaties which the Government of the United States of America and the Government of the Republic of China respectively have in recent years concluded with other governments.

Pending the conclusion of a comprehensive treaty of the char-

acter referred to in the preceding paragraph, if any questions affecting the rights in territory of the Republic of China of nationals (including corporations or associations), or of the Government of the United States of America should arise in future and if these questions are not covered by the present treaty, or by the provisions of existing treaties, conventions, or agreements between the Government of the United States of America and the Government of the Republic of China not abrogated by or inconsistent with this treaty, such questions shall be discussed by representatives of the two Governments and shall be decided in accordance with generally accepted principles of international law and with modern international practice.

ARTICLE VIII

The present treaty shall come into force on the day of the exchange of ratifications.

The present treaty shall be ratified, and the ratifications shall be exchanged at Washington as soon as possible.

Signed and sealed in the English and Chinese languages, both equally authentic, in duplicate, at Washington, this eleventh day of January, one thousand nine hundred forty-three, corresponding to the eleventh day of the first month of the thirty-second year of the Republic of China.

CORDELL HULL (seal)

WEI TAO-MING (seal)

Supplementary Exchange of Notes

Chinese Embassy,
Washington, January 11, 1943

Honorable CORDELL HULL,
Secretary of State.

EXCELLENCY:

Under instructions of my Government, I have the honor to state that in connection with the treaty signed today by the Government of the Republic of China and the Government of the United States of America, in which the Government of the United States of America relinquishes its extraterritorial and related special rights in China, it is the understanding of the Government of the Republic of China that the rights of the Government of the United States of America and of its nationals in regard to the systems of treaty ports and of special courts in the International Settlements at Shanghai and Amoy and in regard to the employment of foreign pilots in the ports of the territory of China are also relinquished. In the light of the abolition of treaty ports as such, it is understood

that all coastal ports in the territory of the Republic of China which are normally open to American overseas merchant shipping will remain open to such shipping after the coming into effect of the present treaty and the accompanying exchange of notes.

It is mutually agreed that the merchant vessels of each country shall be permitted freely to come to the ports, places, and waters of the other country which are or may be open to overseas merchant shipping, and that the treatment accorded to such vessels in such ports, places, and waters shall be no less favorable than that accorded to national vessels and shall be as favorable as that accorded to the vessels of any third country.

It is mutually understood that the Government of the United States of America relinquishes the special rights which vessels of the United States of America have been accorded with regard to the coasting trade and inland navigation in the waters of the Republic of China and that the Government of the Republic of China is prepared to take over any American properties that may have been engaged for those purposes and to pay adequate compensation therefor. Should either country accord the rights of inland navigation or coasting trade to vessels of any third country such rights would similarly be accorded to the vessels of the other country. The coasting trade and inland navigation of each country are excepted from the requirement of national treatment and are to be regulated according to the laws of each country in relation thereto. It is agreed, however, that vessels of either country shall enjoy within the territory of the other country with respect to the coasting trade and inland navigation treatment as favorable as that accorded to the vessels of any third country.

It is mutually understood that the Government of the United States of America relinquishes the special rights which naval vessels of the United States of America have been accorded in the waters of the Republic of China and that the Government of the United States of America and the Republic of China shall extend to each other the mutual courtesy of visits by their warships in accordance with international usage and comity.

It is mutually understood that questions which are not covered by the present treaty and exchange of notes and which may affect the sovereignty of the Republic of China shall be discussed by representatives of the two Governments and shall be decided in accordance with generally accepted principles of international law and with modern international practice.

With reference to Article IV of the treaty, the Government of the Republic of China hereby declares that the restriction on the right of alienation of existing rights or titles to real property referred to in that article will be applied by the Chinese authorities

in an equitable manner and that if and when the Chinese Government declines to give assent to a proposed transfer the Chinese Government will, in a spirit of justice and with a view to precluding loss on the part of American nationals whose interests are affected, undertake, if the American party in interest so desires, to take over the right or title in question and to pay adequate compensation therefor.

It is mutually understood that the orders, decrees, judgments, decisions and other acts of the United States Court for China and of the Consular Courts of the United States of America in China shall be considered as *res judicata* and shall, when necessary, be enforced by the Chinese authorities. It is further understood that any cases pending before the United States Court for China and the Consular Courts of the United States of America in China at the time of the coming into effect of this treaty shall, if the plaintiff or petitioner so desires, be remitted to the appropriate courts of the Government of the Republic of China which shall proceed as expeditiously as possible with their disposition and in so doing shall in so far as practicable apply the laws of the United States of America.

It is understood that these agreements and understandings if confirmed by Your Excellency's Government shall be considered as forming an integral part of the treaty signed today and shall be considered as effective upon the date of the entrance into force of that treaty.

I shall be much obliged if Your Excellency will confirm the foregoing.

I avail (etc.)

WEI TAO-MING

Department of State
Washington, January 11, 1943

His Excellency, DR. WEI TAO-MING,
Ambassador of China.

EXCELLENCY:

In connection with the treaty signed today between the Government of the United States of America and the Government of the Republic of China in which the Government of the United States of America relinquishes its extraterritorial and related special rights in China, I have the honor to acknowledge the receipt of your note of today's date reading as follows:

(Here follows the text of the above note from the Chinese Ambassador.)

I have the honor to confirm that the agreements and understandings which have been reached in connection with the treaty signed

today by the Government of the United States of America and the Government of the Republic of China are as set forth in the above note from Your Excellency.

I avail (etc.)

CORDELL HULL

Source: *Department of State Bulletin*, March 20, 1943, pp. 240-45.

36. JOINT COMMUNIQUE ON THE CAIRO CONFERENCE. DECEMBER 1, 1943.

President Roosevelt, Generalissimo Chiang Kai-shek and Prime Minister Churchill, together with their respective military and diplomatic advisers, have completed a conference in North Africa.

The following general statement was issued:

"The several military missions have agreed upon future military operations against Japan. The Three Great Allies expressed their resolve to bring unrelenting pressure against their brutal enemies by sea, land, and air. This pressure is already rising.

"The Three Great Allies are fighting this war to restrain and punish the aggression of Japan. They covet no gain for themselves and have no thought of territorial expansion. It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the first World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China. Japan will also be expelled from all other territories which she has taken by violence and greed. The aforesaid three great powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.

"With these objects in view the three Allies, in harmony with those of the United Nations at war with Japan, will continue to persevere in the serious and prolonged operations necessary to procure the unconditional surrender of Japan."

Source: *Department of State Bulletin*, December 4, 1943, p. 393.

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